



IIFL

INDIA INFOLINE LIMITED

ANNUAL REPORT 2011-12

CARRYING YOUR DREAMS



COVER THEME

We all have dreams. We work passionately to achieve our dreams. More often than not, they include seeing our children educated, settled and married; having a house that we can call our own; travelling to see the beautiful world around us; living an independent retired life. However, most dreams need money to come true. That in turn needs successful financial planning, which is what we at IIFL do for a living. Therefore we say, our business is 'carrying your dreams'.



Contents

Chairman's
Message 02

Corporate
Identity 04

Highlights
2011-2012 06

Global
Reach 08

Global Investors'
Conference 10

Research
Capabilities 12

Technology
Edge 13

Business
Segments 14

Corporate Social
Responsibility 26

Financial Literacy
Initiative 28

Directors'
Report 30

Management's
Discussion and
Analysis 39

Corporate
Governance
Report 48

Standalone
Auditors' Report 61

Standalone
Financial
Statements 64

Section
212 88

Consolidated
Auditors' Report 90

Consolidated
Financial
Statements 92



Chairman's message

CARRYING YOUR DREAMS

We all have dreams. We dream of a better tomorrow. We dream of seeing our loved ones happier than us. We dream of pursuing our passion. In fact, all human beings are also 'dream beings' because dreaming ties all mankind together. We work hard with sincerity and passion to achieve our dreams. We earn, save, invest and even borrow money to fulfil our dreams. Money is needed to achieve most of our dreams such as owning a house, children's education and marriage, a comfortable life post retirement etc.

Your Company's core business is to help people plan and manage their finances; the success of which is key to make their dreams come true. Our business is therefore founded on fiduciary or trust-based relationships with customers. This is in contradiction to most other businesses that operate on a *Caveat Emptor* or 'Buyer Beware' principle. And this difference is huge indeed. This difference defines the culture of our organisation and behaviour of people. It therefore also dictates the kind of people we hire, content of our training and method of our appraisal. Our organisation's, systems and processes are designed to be conducive for the same.

While carefully resisting the temptation of confusing dreams with reality, your Company is awake to the fact that we have to be driven by profits; we have to be driven by growth and we have to constantly build our capabilities to excel and beat competition. But the primary driver that supersedes everything else is the most suitable advice to customers on their finances. In many ways, we are like doctors for our client's finances. Our advice is centred at first curing the poor health of the client's portfolio and then prescribing the right dose of medicines and changes in lifestyle for continued good health. A good doctor is also driven by profits and desires a good life for himself and family. Yet, the primary motive of his advice is always driven by the best interest of the patient's health and profits come secondary. His practice grows with satisfied patients and their word of mouth. And it's in the same way that your Company carries on its business.

Let me put things in a better perspective. In the last three years of financial uncertainty, we have been advising our clients to keep a dominant part of their portfolio in fixed income instruments. Today, approximately 70% of our clients' assets are in fixed

income instruments. A typical intermediary will loath such an approach as one earns much higher commission if clients invest in equities. And what have we gained in the bargain? Customers' amplified trust in us. We now have over US\$ 5 billion of assets under advice or custody.

While we cannot guarantee to fulfil anybody's dreams, we can surely improve the odds for our customers. We do this by first mitigating the risk of their dreams getting shattered for lack of knowledge or want of honest advice. Our regulators – SEBI, RBI and IRDA – have done a commendable job of reducing incidences of frauds, misrepresentation and incidences of betrayal of trust. For a common man, the securities markets, banks, mutual funds as well as insurance products are much safer now with little fear of getting swindled. Yet we have seen occurrences where even educated people have fallen prey to some manipulators of the market. We are cognizant of the fact that there is a huge need to spread financial literacy. The task itself is like a dream; it is enormous and has to be a collaborative effort of governmental bodies and private entities. We did not wait for

anyone to fund us or encourage us. Our team came up with an innovative initiative -- FLAME (Financial Literacy Agenda for Mass Empowerment), under which a campaign was run in print media covering more than 3 crore readers across the country. We have been conducting several workshops and seminars to make people aware of their rights as well as risks regarding their own finances. Besides corporates, we have extended our efforts to cover school children, socially backward and physically challenged individuals. We even joined hands with the Indian Army with a financial literacy project to help families affected due to decades of violence in Kashmir. We walked the talk by taking people on board from Kashmir to join our Company and achieve their dream of a life free of terrorism. We have spent several crores of your Company's money in financial literacy although there was no legal obligation on us. Trust us that the trust we earn with this effort is worth every penny of it and you will be as proud as we are in bringing a meaningful change.

Interestingly, the nature of our fiduciary relationship remains the same whether we are advising one of the largest global investors in Manhattan to invest his billions or insuring a billion dreams of a small daily wage earner in Machlipatnam with a few hundred rupees. But their expectations from us vary. From exacting global standards to explaining basics in local language, your Company has to pass the test of trust every time.

To realise our customers' dreams, we continue to invest in research, technology and distribution capabilities. We make every effort to ensure that our customer experience in dealing with us is second to none. We meet

our customers regularly through multiple channels; from Global Investor Conferences for institutional clients to investor meets in small towns to thousands of direct interactions everyday. We diligently collect valued feedback from our customers to help us improve our service and constantly raise our standards.

While business models differ on fiduciary relationships with customers, all businesses have a fiduciary relationship with employees and stakeholders. In other words, carrying the dreams of one, should not turn into a nightmare for other stakeholders. How do we come true on those relationships?

IIFL's core business is to help people plan and manage their finances; the success of which is key to make their dreams come true

Let us take our employees first. Beginning with me, we all share the vision that we want to be the most respected company in the financial services industry. We are the face of your Company to the customers. We all have unflinching faith in our values that customer's trust can never be betrayed. We all know that our dreams are

founded on customers' continued trust in the long term. We are willing to sacrifice short-term revenue-based incentives and are happier with long term incentives by way of part ownership. We all are driven by an 'owner mindset'. We want to build a great business of happy customers who motivate us and are thrilled to refer us to their friends and relatives. We are not driven by direct measures of size and profitability as much as we are guided by the right way of doing business and winning customers' trust.

The difficult one is to define your shareholders' dreams. We have no control over stock market prices and wealth as computed by market cap formula. We have no inclination to control it either. The way we understand your dreams is a bit different. We believe you expect us to build a great business that generates a huge value for you in the long run. You expect that the business be done with the highest standards of governance and ethics such that you can be proud of owning it. Your Company should excel in operating efficiency and have a robust de-risked model, capable of sustained growth. Such business will no doubt create enormous shareholders wealth in the long run and fulfil your expectations. Your Company's management and people are committed to such understanding of your dreams.

It is indeed a great privilege as well as a responsibility to be carrying your dreams.

NIRMAL JAIN
Chairman



CORPORATE IDENTITY

Key businesses

- Equities
- Commodities and Currency
- Credit and Finance
- Wealth Management
- Financial Products Distribution
- Property Services

Vision

To become the Most Respected Company in the financial services space in India.

Values

Team IIFL adheres to a set of values that can be summarised as GIFTS namely Growth, Integrity, Fairness, Transparency and Service.

Growth

We are driven to grow faster than the rest of the industry and encourage calculated risks and empowerment at all levels.

Integrity

We ensure utmost honesty and integrity, in letter and in spirit, in all our dealings with people – internal or external.

Fairness

We believe in fair dealings, devoid of any fear or favour, with all stakeholders including employees, customers and vendors.

Transparency

We believe in as much transparency as practically possible, with our stakeholders, media and public at large.

Service

We are a service organisation, committed to delight our customers with superior advice and service, delivered with humility and sincerity.

AWARDS



Best Commodities Investment, February 2012



Decide with Confidence
Best Broking House with Global Presence, October 2011



Best Wealth Management House – India, September 2011



Best Equity Broker of the Year
March 2011



Best Broker - India,
June 2011



Ranked No. 1 in 'Fixed Income Portfolio Management' in India, February 2012

IIFL TODAY

1 million+

Customers across various Businesses

3000+

Business locations across India

8

Presence in countries globally

10,000+

India Infoline team members as on March 31, 2012

200+

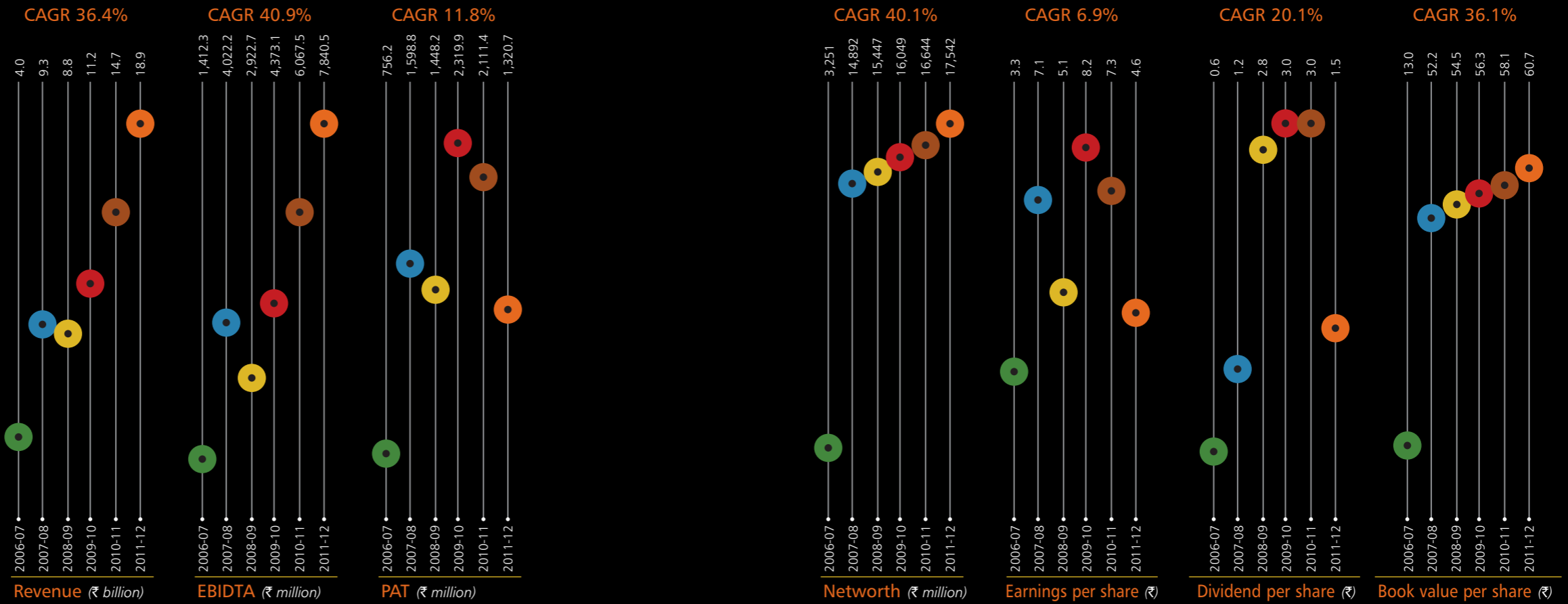
Stocks covered by our research team

240+

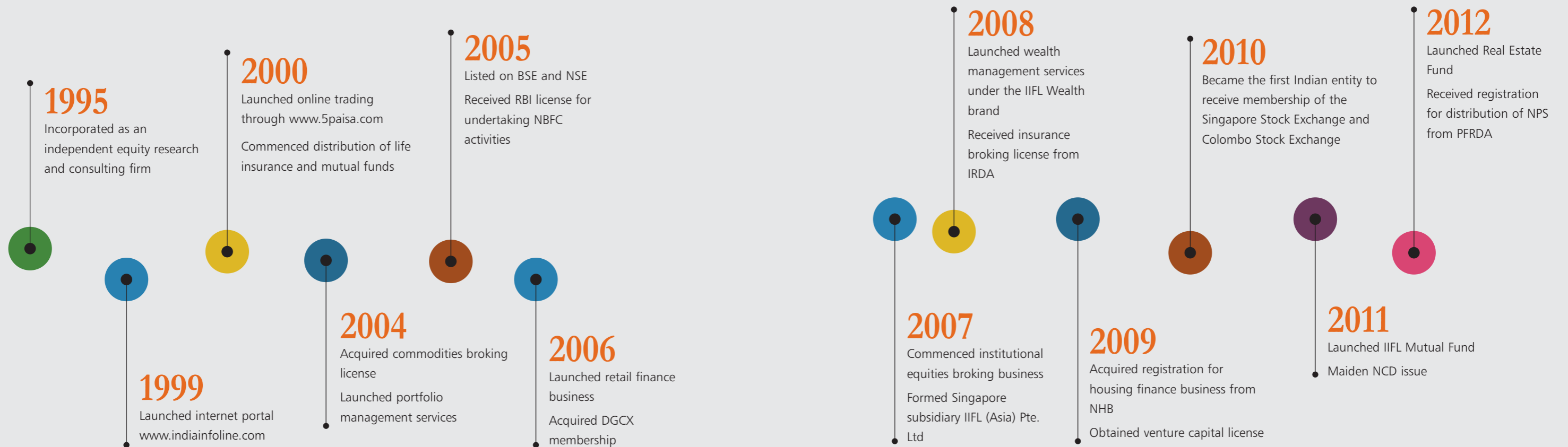
₹ billion HNI wealth under advice



HIGHLIGHTS, 2011-12



MILESTONES



GLOBAL REACH



IIFL Inc, US has an Investment Advisor and Broker-Dealer license from SEC, USA and is registered as an FII with SEBI

IIFL Wealth, UK is licensed by FSA, UK to advise on investments and arranging deals in investments for eligible counterparty and professional investors

Mumbai, Head Office

IIFL Private Wealth, Management Dubai received a license from Dubai Financial Services Authority (DFSA) to distribute financial products

IIFL Private Wealth Hong Kong Limited received a license from Securities Futures Commission (SFC), Hong Kong for advisory and distribution

IIFL Securities, Singapore is licensed by the Monetary Authority of Singapore for financial advisory services to accredited investors

IIFL Private Wealth, Mauritius is a CIS License Manager and has a Category I Global Business license from Financial Services Commission (FSC), Mauritius

IIFL's subsidiary in Sri Lanka, IIFL Securities Ceylon (Pvt) Ltd, is a member of the Colombo Stock Exchange



GLOBAL INVESTORS' CONFERENCE 'ENTERPRISING INDIA III'

IIFL's Enterprising India Investors' Conference was held at Mumbai in February 2012. IIFL had the privilege of hosting more than 600 institutional investors, 75 Indian companies, a few Sri Lankan companies and select specialist speakers. We hosted companies from a wide array of sectors and market caps. The institutional investors who participated at the conference included a number of marquee long-only funds that estimated investments of more than US\$100 billion in India. In total, we had more than 2,000 group and one-on-one meetings, a record number for a three-day event. The conference received an overwhelming response and set new standards for investor conferences in India.

Dr. CP Joshi, Honourable Minister for Roads and Highways with Mr. Nirmal Jain, Chairman, IIFL, inaugurated the EI-III conference. In his speech, Mr Joshi highlighted the remarkable progress made in new road awards.

Dr. Jim Walker, Founder, Asianomics, with Mr. Bharat Parajia, MD, IIFL (Asia), Pte. Dr. Walker was optimistic on prospects of growth recovery in the US, but was decisively negative on Europe and China.



Dr. Subir Gokarn, Dy. Governor, Reserve Bank of India was a key note speaker at the IIFL Global Enterprising India Conference. In his address, Mr Gokarn expected India's growth cycle to bottom out, highlighting thus that FY13 growth would be better than that in FY12.

Ms Shikha Sharma, MD & CEO, Axis Bank with Mr. R Venkataraman, MD, IIFL



Vinayak Chatterjee, Founder and CEO, Feedback Infrastructure with Mr Nemkumar, President, Institutional Equities, IIFL. Mr Chatterjee was bullish on the prospects for the infrastructure sector.

The EI-III conference witnessed the participation of more than 600 institutional investors, 75 Indian companies, a few Sri Lankan companies and select specialist speakers



Panel discussion on "Asset Quality of Banks" - Diwakar Gupta, MD, SBI; Keki Mistry, Vice Chairman, HDFC; Naresh Thakkar, MD, ICRA; Rakesh Sethi, ED, PNB.

Panel discussion on "The Internet sector and E-commerce opportunities in India". Sanjeev Bikhchandani, Founder and Vice Chairman, Info Edge; Deep Kalra, CEO, MakeMyTrip; Sandeep Murthy, Partner, Sherpalo Ventures; Ishita Swarup, CEO, 99 labels.



RESEARCH CAPABILITIES



At IIFL, our core competence lies in research, which has been built over the years. We have published a number of research reports that have been very well received by investors and industry experts. We have independent teams catering to the institutional segment and retail clients.

Our thematic reports are well received by investors and industry experts

Our institutional research team has 25 analysts who cover over 150 stocks, including research on India, China and Sri Lankan markets. The in-depth, thematic and thought provoking research published by the institutional team has been well received and differentiates us from others. We also have top-tier rankings with leading institutional investors in India.



Our retail research team has 15 analysts who cover over 110 stocks. Our research team provides in-depth research on stocks across sectors and market capitalisation. Market Mantra, our daily comprehensive retail product covers market outlook, latest news, economy snapshot, personal finance insights, research ideas, etc. We also publish research reports in regional languages including Hindi, Marathi and Gujarati.

Market Mantra



Research coverage of alternate asset class & personal finance



Amit Harchekar receives "Best Market Analyst" award from Honourable Finance Minister, Shri Pranab Mukherjee; Mr. Subhash Chandra, Chairman, Essel Group on the right

TECHNOLOGY EDGE



IIFL's Proprietary Trader Terminal

IIFL's proprietary online trading platform, Trader Terminal, has always been very popular among clients. The Trader Terminal has lightning fast execution speed, world-class user interface and a single-click access to its world-class research. The new terminal offers the facility to trade in cash, derivatives, mutual funds, IPOs, currencies and commodities all in one screen. Besides, investors can now trade from their desktop, over the web and using their mobile.

Trader Terminal has been very well received by our clients. Its features include streaming quotes, instant order confirmation, multiple market watches, alerts, advanced charting options, etc.



Several initiatives have been taken to make the research accessible to retail investors

- 'Ask Analyst' facility provided to clients online
- Live Chat conducted by the research team
- Research queries are addressed on social media platforms

Robust mobile trading application for Blackberry and Android phones which freely enables you to trade on the move.



Social media

IIFL is widely present in social media on Facebook and Twitter. The Company also launched an online contest for Facebook users to encourage aspiring individuals to fulfill their dreams. Under the theme of the contest 'Invest in your dreams', an individual can submit his or her biggest dream and win the contest by getting maximum votes online from Facebook users. IIFL will also help these winners get a step closer to realising their dreams.



RELY ON RESEARCH, NOT LUCK



EQUITIES ADVISORY AND BROKING

We believe that in-depth research and not luck is the key to successful investing. We have our roots in equities research and over the years have honed our skills across different asset classes and investment styles. Our clients, be it retail, institutional or HNI, derive the benefits of research specific to their requirements.

Overview

IIFL offers online and offline broking and advisory services in cash and derivatives segments to retail and institutional clients. Your Company serves close to one million retail investors through its branches spread over more than 500 cities and towns across India. IIFL's institutional equities business has top-tier rankings with leading institutional investors in India and has established leadership in block placements. IIFL is also an active member of the Colombo Stock Exchange for stock broking.

The Investment Banking team is led by professionals having over 20 years of experience in the business. The team is well placed to leverage IIFL's in-depth research capabilities, institutional placement capabilities, wide retail reach and relationships with both issuers and investors.

Major highlights, 2011-12

- Average daily turnover in equities segment was ₹ 52.6 billion in FY12 as compared with ₹ 53.4 billion in FY11. Broking yields witnessed pressure due to change in product mix in favour of futures and options segment
- Equity market share in NSE was at 3.8% in FY12
- The Company received two successive awards during the year:
 - 'Best Broker – India' by FinanceAsia Country Awards, June 2011

- 'Best Broking House with Global Presence' by D&B Equity Broking Awards, October 2011

Key strengths

- Award-winning research team which gives in-depth analysis on both technical and fundamental side of the business. We have independent teams catering to the institutional segment and retail group.
- Present in over 3000 business locations which include a vast network of own branches and franchisees across the country
- Strong in-house developed technology for internet, mobile trading and back office

Future roadmap

- Be a financial planner for our customers and provide research based advice on assets based on every clients' risk profile
- Continuously enhance customer delight by offering the best customer service standards
- Focus on creating an employee-friendly work environment to retain talent
- Strengthen our investment banking business to position ourselves favourably to capture new emerging opportunities

Industry overview

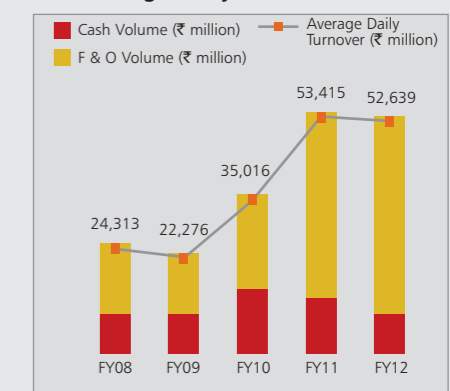
- With the rapid growth in options volumes, the share of the F&O segment

in overall market volumes increased to 90% of total volumes in 2011-2012 leading to further pressure on yields (Source: NSE and BSE).

■ Given the prevailing negative sentiments in the global and Indian environment, India's investment banking fee pool came under serious pressure last year. The equity raised through the capital markets in the last financial year was ₹ 604 billion as against ₹ 969 billion in the previous year. Private equity continued to be an active and alternate pool of capital and the deal value was US\$ 10.1 billion in CY11 as against US\$ 8.1 billion last year. (Source: Bloomberg, IIFL Research).

■ Given India's overall macro economic growth story, long-term potential of equities and commodities trading is good on back of low penetration and return generating potential of these asset classes.

IIFL Average Daily Turnover (₹ million)



TRADE WITHOUT HAVING TO PHYSICALLY HOLD THEM



COMMODITIES AND CURRENCY

Currency and commodities futures are now available to all. One can trade in gold, silver, crude or agri commodities like castor, jeera, among others and capture benefits of all price movements without taking physical delivery or handling logistics. The futures are most convenient options for trading, hedging or speculating in these commodities or currencies for investors, traders, manufacturers and arbitrageurs alike.

Overview

IIFL offers online and offline services in the commodities segments to retail clients in MCX and NCDEX. IIFL customers have access to high quality research on commodities and best in class Trader Terminal to enable them to trade in commodities, online or over the phone.

IIFL customers can also trade in the currency segments of NSE and MCX SX. IIFL customers have access to research and top quality service through a Relationship Manager for all their investment needs.

Major highlights, 2011-12

- IIFL's average daily turnover in commodities doubled to ₹ 14.8 billion in FY12 from ₹ 7.4 billion in FY11
- Commodities market share on both exchanges (MCX and NCDEX) increased to 2.3% from 1.9% in 2010-11
- Total turnover in FY12 in the currency segment was ₹ 2,530 billion as against ₹ 190 billion in FY11

Key strengths

- Vast distribution network with a presence in over 3,000 business

locations across 500 cities and towns across India

- Our proprietary software, Trader Terminal offers the facility to trade online and on mobiles in currencies and commodities
- Award-winning research team ensures monthly updates, special reports, pre-market reports and trading strategies in the commodity and currency segments

Future roadmap

- Build upon features on IIFL Trader Terminal to improve trading experience of customers
- Develop research capabilities to ensure top quality advice to clients

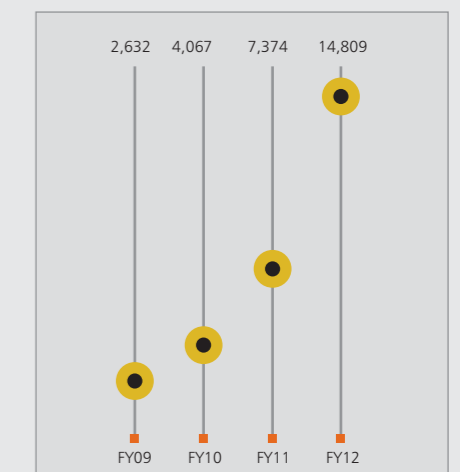
Industry overview

Commodities markets have been experiencing huge growth. The promising nature of these markets has made them an attractive investment avenue for investors globally. Commodity markets have a huge potential in the Indian context particularly because of the agri-based economy. Trading volumes in the Indian commodity exchanges rose 54% from

₹ 112,867 billion in 2010-11 to ₹ 173,696 billion in 2011-12.

Currencies performed well in FY12, with a contract volume of 746,057 contracts; 352% greater than 2011. Indian rupee futures surpassed previous monthly and daily records, achieving an average daily value of US\$ 1.17 billion and a monthly value of US\$ 26.82 billion.

IIFL Average Daily Commodity Turnover (₹ million)



FINANCING YOUR DREAMS



CREDIT AND FINANCE

Be it a house or a holiday abroad or an entrepreneurial venture, we offer tailor-made loans against the security of an asset, be it home, property, stocks or gold. Similarly, we help doctors and medical practitioners realise dreams of their own clinic or a modern, sophisticated clinic come true. We help you to unlock the value of your asset to fulfil your dreams.

Overview

IIFL offers credit and finance facilities through its subsidiaries, India Infoline Finance Limited (a 98.82% subsidiary of IIL) and India Infoline Housing Finance Limited. Your Company offers a wide range of secured loan products that include home loans, loan against property (for individuals and corporates), loans against capital market instruments, healthcare equipment financing and loans against gold. The Company's loan book grew from ₹ 32.9 billion in 2010-11 to ₹ 67.5 billion in 2011-12.

The diversified product portfolio, robust credit and risk management processes coupled with efficient collection mechanism has resulted in overall NPAs of less than 1%.

Major highlights, 2011-12

- In FY12, home loans and loans against property contributed to 44.8% of the total loan book. Loans against capital market products reduced significantly from 35.2% in 2010-11 to 11.8% due to high volatility and a downturn in the stock markets. Gold loan book size saw a considerable increase and now comprises 41% of our total loan book.
- IIFL successfully completed Initial Public Offering of Secured Redeemable Non-Convertible Debentures ("NCDs") aggregating to ₹ 7,500 million. The issue received an overwhelming response. These NCDs are listed and traded on NSE and BSE.
- Moneyline Credit Limited, a step-down NBFC subsidiary, was merged with India Infoline Finance Limited. This has enabled consolidation of all lending and investments businesses (except housing loans) to ensure better operations and control.

Key strengths

- This business leverages the brand name and existing customer portfolio of the parent company
- Team of experienced professionals with work experience at globally respected financial houses
- Pan-India network and a strong distribution with widespread presence in Tier-II and III cities
- Presence of a proprietary loan-processing system that enables stringent credit checks, faster loan processing, extensive data capture and higher accuracy

Future roadmap

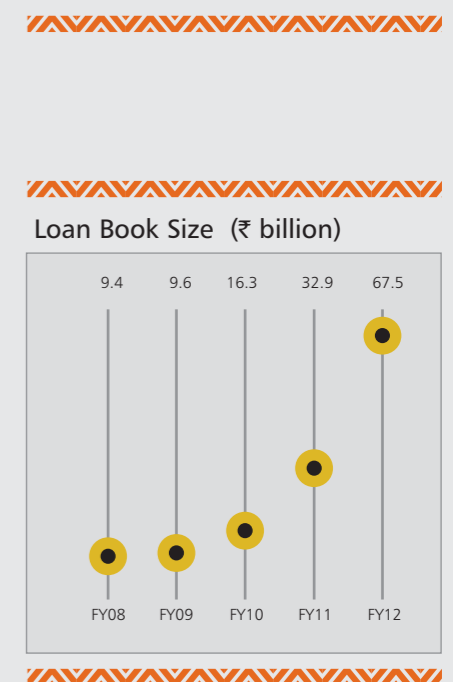
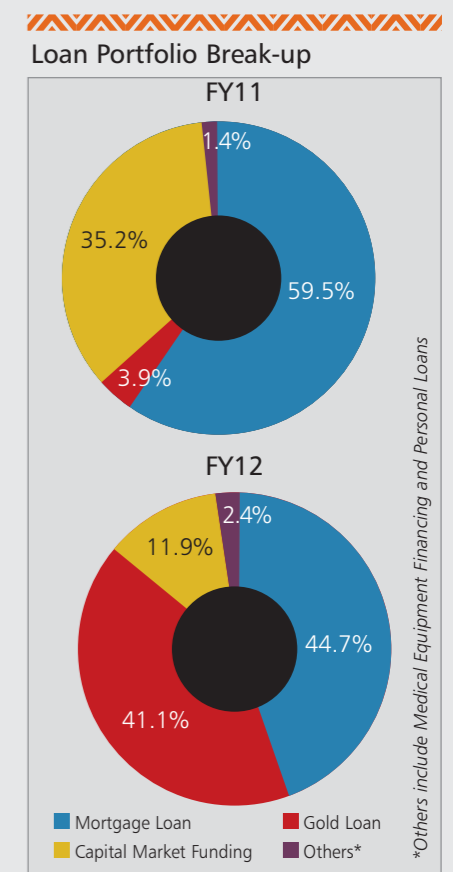
- Expand presence in Tier-II and Tier-III cities
- Continuously invest in technology and training to ensure robust credit and risk management processes
- Delight the customer with superior service

Industry overview

India is witnessing increasing urbanisation, which will fuel demand for homes and commercial space.

There is a huge demand supply mismatch for dwelling units which means demand for loans will remain robust in the long to medium term, irrespective of high interest rates.

The organised gold loan market is pegged at US\$ 8 billion and has grown at 40% CAGR since 2002. Despite this, a mere 1.5-2% of India's gold stock of 18-20,000 tonnes reaches the organised sector. According to the World Gold Council, demand for gold in India is expected to grow 30% in real terms, which opens up a huge opportunity for the sector (Source: Times of India).



LIFE IS FUN BUT COVER YOUR RISKS



FINANCIAL PRODUCT DISTRIBUTION

Life is fun, but uncertain. Moments of happiness can immediately turn into sad moments. For a lifetime of happiness, one must plan for contingencies and cover the financial losses / damage they can cause. Similarly, if you live longer, you must plan for a comfortable post retirement life. Our financial planning tools help you enjoy life without worrying about accidents.

Overview

IIFL is a pan-India distributor of financial products including life insurance, mutual funds, bonds and debentures, among others. Your Company today distributes a wide product basket to suit every investment need for diverse age groups, preferences and backgrounds. Of these products, the dominant product category is life insurance and the business is conducted through India Infoline Insurance Brokers Ltd. It maintains a prudent balance between endowment, ULIPs and retirement products to suit the risk appetite of investors.

IIFL has adopted an 'open architecture' model to distribute products of major insurance companies including Reliance Life Insurance, ICICI Prudential Life, HDFC Life, Birla Sun life, Life Insurance Corporation, Max New York Life Insurance and others.

Major highlights, 2011-12

- Insurance premium (API) grew 20% to reach ₹ 3.3 billion
- Initiated an online customer

investment portal to enable faster turnaround time and quality service

- Received consent for registration as an Aggregator under National Pension System from PFRDA

Key strengths

- Strong relationships with Life Insurance and Mutual Fund manufacturers
- Presence of a diverse product portfolio to suit investment needs of varying customer profiles
- Robust multi-channel sales network comprising sales team, tele-calling team and a wide branch network

Future roadmap

- Provide training to the sales team to ensure high levels of customer satisfaction by providing the right product based on customer requirements and risk profile using financial planning tools
- Leverage on the existing branch network and equity client relationships to cross-sell insurance and mutual fund products

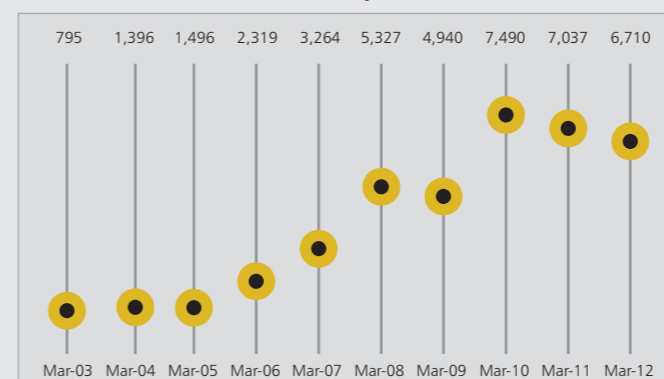
- Focus on quality and persistency in the insurance business

Industry overview

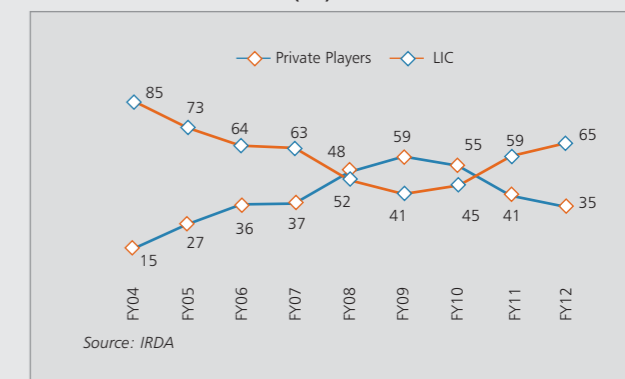
The insurance as well as mutual fund industry is facing sectoral headwinds because of regulatory changes. The Indian insurance sector witnessed a de-growth of 13% in 2011-12. LIC, with a market share of 71%, witnessed a 6% decline in new business premium in FY12 whereas the private sector witnessed a decline of 17%.

The Mutual Fund industry faced a downtrend and saw its asset management base shrink marginally in fiscal year 2011-12. The industry lost over 0.7 million folios during the six months ended March 2012 to end with 46.4 million folios. The retail category was the biggest loser in terms of folios, especially in equity. This was mainly because of the volatile movement of the equity market. However, retail investors increased their presence in debt-oriented mutual funds, which may be attributable to investors looking at alternate asset classes post the downfall in the domestic equity markets in 2011.

Total AUM for the Industry (₹ billion)



APE Market Share (%)



ONE SIZE DOES NOT FIT ALL



WEALTH MANAGEMENT

We understand that the needs of the wealthy are varied – be it risk appetite, return expectations, financial goals or service standards. To cater to their needs – we have skilled resources who offer personalised services to our clients. To ensure availability of nothing less than the best, we have an open architecture helping you to choose the most appropriate mix of products.

Overview

IIFL's Private Wealth business has aggregated over ₹ 240 billion of Assets under Advise (AuA) on a client base exceeding 3,000 families.

IIFL has an exhaustive product platform with advisory services for fixed income, equity, real estate and commodities. Our fixed income practice coupled with a large bond desk allows Private Wealth clients direct access to sovereign, corporate and collateralised debt. The bond desk has been instrumental in winning some of the largest corporate mandates for treasury management, in addition to being advisors to some large corporate treasuries.

Major highlights, 2011-12

- Launched 'Wealth Bank' services to help family office clients synchronise their wills with their nominations
- Launched QMS (Query Management Solution), a one-click technology platform for clients and advisors alike
- A group of Senior Advisors successfully cleared a full-time mini-MBA programme by NYU Stern University in Mumbai
- Organised successful client conferences in Mumbai and Pune

Awards received

- Awarded 'Best Wealth Management House' by the Asset Triple A for 2011-12
- Voted as the 'Best Fixed Income Portfolio Management' and 'Best commodities Investment' in India by Euromoney Private Banking Survey, 2012
- Winner of the "Highest Net Sales for equity funds as a national distributor" – awarded by Wealth Forum Advisor Awards 2011

Key strengths

- Wide presence in thirteen major cities of India and six international locations.
- All international locations fully regulated under their respective jurisdictions – New York (SEC), London (FSA), Dubai (DIFC), Singapore (MAS), Mauritius (FSC), Geneva (SRO) and Hong Kong (SFC).
- A young, dynamic and dedicated team comprising more than 160 advisors bring to the table wide-ranging wealth management experience.
- A proprietary technology system that strengthens back-office operations and processes by automation and introduction of work-flow covering execution, risk and reports.

Future roadmap

- Focus on training to develop best-in-class wealth managers
- Enhance the existing technology platform incorporating transaction processing, business intelligence, query resolution and CRM
- Provide a differentiated service

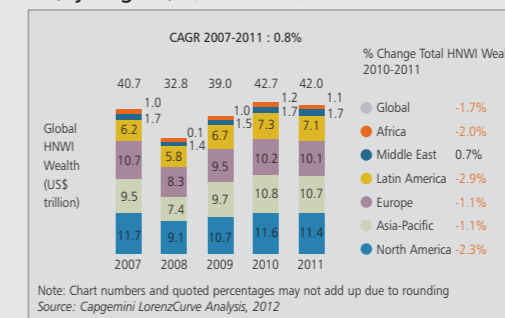
by optimally using technology and ensure that it is available across multiple platforms including smart phones and tablets.

Industry overview

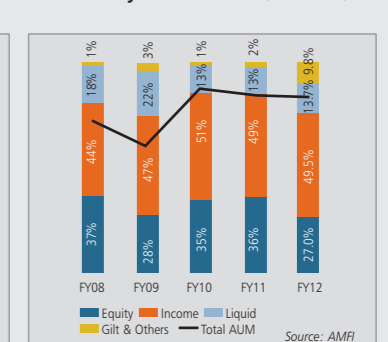
The world's population of high networth individuals (HNWIs) increased marginally by 0.8% to 11.0 million in 2011, but HNWIs' aggregate investable wealth as measured by asset values fell 1.7% to US\$42.0 trillion (Source: World Wealth Report, 2012).

If various estimates are to be believed, Ultra High Networth households (HNH) are slated for a three-fold increase in the next five years from an estimated 81,000 (2011-12) to 286,000 (2016-17). The total network of Indian ultra HNHs, is expected to reach ₹ 318 trillion in 2016-17 from an estimated ₹ 65 trillion in 2011-12. This growth in network will be driven predominantly by growth in the number of ultra HNHs and the returns on wealth.

HNWI Wealth Distribution, 2007 - 2011 (by Region) (US\$ trillion)



AUM by asset class (₹ billion)



DREAM A HOUSE AND HOUSE A DREAM



PROPERTY SERVICES AND REAL ESTATE FUND

Real estate, house, shop or any other property, an asset class has stood the test of volatile times in India for relative security. Our Property Service division, a recent initiative, helps you find the right home or office at the right price. Through our real estate fund, investors can participate in real estate appreciation, with much greater ease.

Overview

Property services

Buy, sell, lease, invest – our property services covers all customer segments including retail, investors, corporates and institutions. Our services include advisory services for land and wholesale transactions spanning acquisition, sale, leasing, project use and planning; broking services for retail transactions spanning developer sales, resale and rentals.

Real Estate Fund

IIFL Group successfully launched IIFL Real Estate Fund (Domestic) Series 1 in December, 2011 under India Infoline Venture Capital Fund (IIFL VCF), the venture capital arm of IIFL Group. The Fund was fully subscribed to its issue size of ₹ 5 billion by its initial closing in January 2012.

The Fund has been incorporated to focus on the real estate sector in India by investing in equity, debt and Equity Linked Instruments of promising real estate and construction companies involved in projects or ventures that have significant growth potential. The Fund will focus on investing in mainly residential real estate projects with significant growth potential, developed by leading players in the top seven cities across India.

Major highlights, 2011-12

- Presence of a strong distribution network spanning seven key locations across India with leadership positions in markets like Mumbai and Chennai
- Launched IIFLpropertyolutions.com portal and call centre operations
- Advisory and Investment Committees

for the fund are in place. The Committee provides its perspective and non-binding counsel to the Investment Manager

- A healthy pipeline of investment opportunities under evaluation

Key strengths

- Presence of multiple touch points via branches, call centres and the web
- Presence of a highly qualified team of experts who thoroughly understand the real estate sector to efficiently guide clients
- Robust real estate industry networks to source opportunities suiting fund mandate
- Proprietary structures that create value for investee companies / projects

Future roadmap

- Increase geographical reach to more cities and towns in India
- Focus on cross-selling – bring the product offering to IIFL Finance, IIFL Wealth and Broking customers across the country

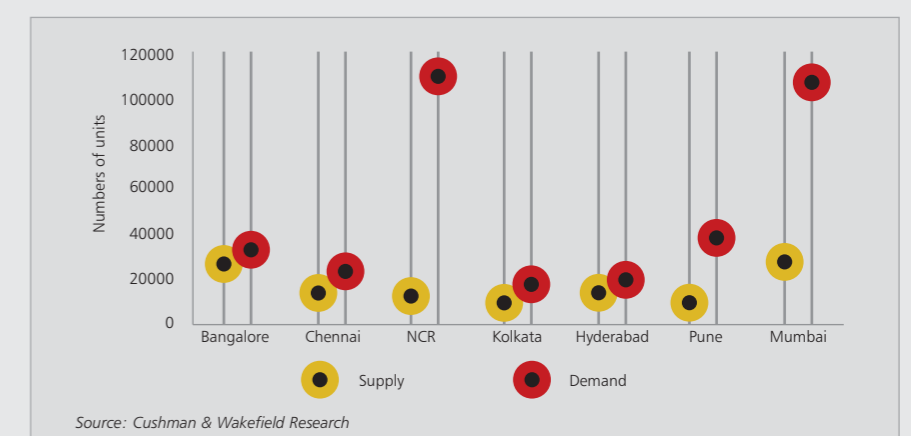
- Change product mix to include more of resale, commercial and rental transactions
- Expand structures offered to investors and investees through the launch of subsequent series

Industry overview

The real estate industry is one of the fastest-growing industries in our economy with a compounded annual growth rate of around 30% (Source: Ernst & Young). Increase in the standard of living makes way for higher demand in the residential sector. There is an estimated requirement of 80 million housing units over the next fifteen years and 200 million sq. ft. of office space over the next five years.

SEBI has introduced AIF guidelines creating a distinct space and operating environment for real estate funds and similar pooled investment vehicles. There continues to be significant demand for capital in the real estate sector, further opening up the space for such funds.

Residential Supply and Demand, 2010



CORPORATE SOCIAL RESPONSIBILITY



The IIFL Foundation also sponsored the Pandharpur medical camp held in July 2011 at Pandharpur. Free medical treatment was given at four camp sites, to around 50,000 pilgrims who visited Pandharpur during Ashadi Ekadashi. The pilgrims were treated for fever, injuries, fractures, gastroenteritis, myalgia, headache, epilepsy, malaria and respiratory infections, etc, during the camp.



IIFL Foundation, along with Bhaktivedanta hospital, organised the Barsana camp which started on January 31, 2012. Over 2,800 patients were screened and 1,086

cataract and other surgeries and procedures were performed. Over 1,800 patients attended the dental camp. All related procedures like scaling, filling and extraction were

performed by the dental team of 45 members comprising dentists and other para medical staff and over 50 dentures were fitted on the spot to needy patients.



IIFL Foundation joined hands with the Indian Army to bring a change to the people of Kashmir. A project was started by the Indian Army in Bandipore, J&K, for families who have been affected by decades of violence. People are educated in the region, but have limited job opportunities. IIFL conducted financial literacy sessions followed by an aptitude test for 200 graduates. We offered jobs to 50 candidates to work at various locations across India.





FLAME

FINANCIAL LITERACY AGENDA FOR MASS EMPOWERMENT



Launched a comprehensive Financial Literacy Certification Course for the students of Standards VIII, IX and X. Across the country, over 45 schools participated in the FLAME contest with over 5,000 students. Merit certificates were awarded to students who secured 75% and above. Other participants were given Participation Certificates for taking initiative in educating themselves.



Sponsored Swadhaar Finaccess (SFA), an NGO to impart financial education to women living in slum communities. The course covered key financial concepts like understanding the different sources of income, budgeting, savings and credit management.



Tied-up with K J Somaiya and launched a six-month program to impart financial knowledge to physically handicapped and underprivileged sections of the society. It was a six-month long program which covered lessons on savings, budgeting, banking, microfinance and self-help groups (SHGs).

Financial literacy workshops conducted for engineering students and Industrial Training Institute (ITI) students of Don Bosco Institute of Technology, Vidya Vihar, Kurla. Students were introduced to key concepts of money, principles of savings and budgeting, banking, taxation, prudent investment avenues and basic accountancy.



Held over 270 free-of-cost FLAME workshops across the country, including Tier-II and Tier-III cities. Further, we are also co-conducting sessions with other organisations and institutions in order to reach a wider audience.



DIRECTORS' REPORT

Dear members

India Infoline Limited

Your Directors have pleasure in presenting the Seventeenth Annual Report along with the audited statements of accounts of your Company for the financial year ended March 31, 2012.

I. Financial results

A snapshot of the financial performance of the Company and its major subsidiaries for the financial year 2011-12 is as under:

(₹ million)

Name of Company	Revenues	Profit before interest, depreciation and tax	Profit after tax
Aggregate	18,864.7	7,840.5	1,360.7
India Infoline Ltd	6,390.0	1,431.5	633.0
India Infoline Finance Ltd	9,103.7	6,195.4	1,018.5
India Infoline Housing Finance Ltd	431.3	239.1	35.9
India Infoline Insurance Services Ltd	54.6	33.6	1.6
India Infoline Insurance Brokers Ltd	857.9	41.4	26.5
India Infoline Commodities Ltd	1,031.9	110.3	28.5
India Infoline Media and Research Services Ltd	424.6	79.8	15.8
IIFL Realty Ltd	574.6	449.2	(40.0)
IIFL Wealth Management Ltd	1,070.0	277.5	147.6
India Infoline Venture Capital Fund	(0.5)	(43.2)	(43.8)
IIFL Inc	70.3	(3.7)	1.4
India Infoline Asset Management Company Ltd	10.4	(16.2)	(23.0)
Finest Wealth Managers Private Ltd	24.4	13.6	9.1
IIFL Securities Ceylon (Pvt) Ltd	26.3	5.5	3.9
IIFL Private Wealth Dubai Ltd	1.5	(33.2)	(33.4)
IIFL Private Wealth (Mauritius) Ltd	37.9	0.8	0.7
IIFL Wealth (UK) Ltd	14.8	(1.4)	(1.4)
IIFL (Asia) Pte. Ltd	-	(268.6)	(178.0)
IIFL Capital Pte. Ltd	35.1	(35.5)	(39.2)
IIFL Securities Pte Ltd	215.5	(38.3)	(43.6)
Inter Company Adjustments	(1,525.8)	(591.2)	(143.6)
Other Subsidiaries	16.2	(5.9)	(15.7)


A snapshot of the consolidated financial performance of your Company is as under:

(₹ million)

	2011-12	2010-11
Gross total income	18,864.7	14,739.4
Profit before interest, depreciation and taxation	7,840.5	6,067.5
Interest and financial charges	5,043.1	2,357.9
Depreciation	802.2	581.7
Profit before tax	1,995.2	3,127.9
Taxation – Current	835.2	1,073.6
- Deferred	(207.9)	(127.7)
- Short or excess provision for income tax	7.2	34.7
Net profit for the year	1,360.7	2,147.3
Less: Exceptional item (net of tax)	-	-
Net profit before minority interest	1,360.7	2,147.3
Less: Minority interest	(40.0)	(35.9)
Less: Appropriations		
Interim dividend	(433.6)	(860.4)
Dividend distribution tax	(70.3)	(147.3)
Transfer to general reserve	(65.2)	(206.0)
Transfer to special reserve	(216.3)	(185.5)
Debenture Redemption Reserve	(630.0)	
Adjustments for Minority Interest and fair value	69.7	(190.4)
Add: Balance brought forward from the previous year	3,004.9	2,483.1
Balance to be carried forward	2,979.9	3,004.9

A snapshot of the standalone financial performance of your Company is as under:

(₹ million)

	2011-12	2010-11
Gross total income	6,390.0	7,995.5
Profit before interest, depreciation and taxation	1,440.2	2,834.9
Interest and financial charges	378.6	861.5
Depreciation	314.4	240.8
Profit before tax	747.2	1,732.6
Taxation – Current	142.7	512.3
- Deferred	(29.1)	(10.9)
- Short or excess provision for income tax	0.6	7.6
Net profit for the year	633.0	1,223.6
Less: Appropriations	-	-
Interim dividend	433.6	859.2
Dividend distribution tax	70.3	127.6
Transfer to general reserve	65.2	123.0
Add: Balance brought forward from the previous year	1,737.2	1,623.4
Balance to be carried forward	1,801.1	1,737.2

II. Review of operations

On a consolidated basis, in the current year, your Company's income increased by 28% to ₹ 18.9 billion and EBIDTA increased by 29.2% to ₹ 7.8 billion. However with higher interest outgo, Profit before tax declined by 36.2% and Profit after tax before minority interest decreased by 36.6% to ₹ 1.4 billion.

Due to sluggish capital markets, equity broking and related income decreased by 18.5% to ₹ 5.5 billion. Our Credit and Finance business gained momentum and increased by 76.4% to ₹ 10.9 billion, contributing 58% to total revenues, in the current year. Marketing and distribution income also grew by 31.9% to ₹ 2,430.7 million. The other income stood at ₹ 71.9 million.

III. Key initiatives

Maiden NCD issue by NBFC subsidiary

During the year under review, India Infoline Finance Limited, the NBFC subsidiary, successfully completed Initial Public Offering of Secured Redeemable Non-Convertible Debentures ("NCDs") of ₹ 3.75 billion with green shoe option to retain additional ₹ 3.75 billion. The issue received an overwhelming response and was oversubscribed and the Company could retain ₹ 7.5 billion subscription. These NCDs are listed and traded on the National Stock Exchange and Bombay Stock Exchange.

Launch of IIFL Real Estate Fund

India Infoline Venture Capital Fund (IIFL VCF), the venture capital arm of India Infoline Group (IIFL), successfully completed the launch of its Real Estate Fund – 'IIFL Real Estate Fund (Domestic) Series 1' in January, 2012. The fund was fully subscribed with total commitment of ₹ 5 billion with green shoe option of ₹ 2.5 billion. The fund is focused on the real estate sector in India by investing in equity, debt and equity-linked instruments of promising real estate development projects and companies involved in projects predominantly located in Tier-I cities which have significant growth potential.

IIFL Mutual Fund

Subsequent to SEBI approval to mutual fund business, IIFL Mutual Fund launched its first New Fund Offer IIFL Nifty ETF

in September, 2011 and received an encouraging response from investors. IIFL Nifty ETF ranked second in most traded Equity ETF's on NSE and has a high level of retail investors of over 7,000. IIFL Mutual Fund also launched 3 series of debt schemes under IIFL Fixed Maturity Plan. The total net assets under management of IIFL Mutual Fund as on March 31, 2012 was ₹ 1,711.3 million.

New products introduced by IIFL Wealth Management

IIFL Wealth Management introduced new products structured on the fixed income side including NCDs, NABARD, Structured Notes and Introduced Family Office, a multi-manager investment platform offering a complete wealth structuring solution and inter-generational transfer solution to clients. The total assets under wealth advisory crossed ₹ 200 billion during the year.

Global operations

During the year, the Company set up wholly owned subsidiaries in Hong Kong, Mauritius and Dubai to undertake financial advisory and distribution services.

Global investor conference

Your Company's institutional research products have been well appreciated by the target audience. "Enterprising India-III", your Company's third Global Investors Conference, held in February, 2012 at Mumbai had participation from leading corporates and eminent leaders / speakers. The Conference received an overwhelming response from global investors and institutional participants.

Corporate Social Initiative – Financial Literacy

As a part of its Corporate Social Responsibility initiative, your Company launched a comprehensive financial education and awareness initiative, FLAME - Financial Literacy Agenda for Mass Empowerment, in 2011. Under this initiative your Company has successfully completed over 250 FLAME workshops for investors and students. Over 45 schools covering 5,500 students have enrolled for the Fin-Lites distance learning programme. Our other initiatives include a comprehensive mass media campaign on financial literacy, dedicated portal and helpline and effective use of social media platforms like Twitter and Facebook to answer queries and books and publications.



Corporate Social Initiative – Helping the underprivileged and physically handicapped

IIFL sponsored Swadhaar Finaccess (SFA), an NGO to impart financial education to women living in slum communities through a specially designed Financial Education Programme (FEP).

IIFL has also tied up with KJ Somaiya Institute of Management Studies & Research (SIMSR) to impart basic financial knowledge to underprivileged sections and physically handicapped sections of the society. The programmes covers lessons on savings, budgeting, banking, credit management, microfinance and self-help groups (SHGs).

Awards and Recognitions:

Your Company was conferred the following awards during 2011-12:

- 'Best Broking House with Global Presence' awarded by D&B Equity Broking Awards 2011
- Awarded 'Best Broker – India' by FinanceAsia Country Awards for Achievement 2011
- IIFL's Wealth Management subsidiary bagged Euromoney awards for Best Fixed Income Portfolio Management & Best Commodities Investment in India 2012 and 'Best Wealth Management House – India' by The Asset Triple A 2011

IV. Merger of subsidiary

India Infoline Marketing Services Limited ("IIMSL"), a wholly-owned subsidiary was merged with the Company with effect from April 1, 2011. The Scheme of Amalgamation was sanctioned by the Hon'ble High Court of Judicature at Bombay vide order dated April 27, 2012. Pursuant to the Scheme, the Authorised Share Capital of the Company increased to ₹ 1200 million. Similarly, Moneyline Credit Limited, step down NBFC subsidiary was merged with, India Infoline Finance Limited, direct NBFC subsidiary. This enabled consolidation of all lending and investments businesses (except housing loans) under one NBFC subsidiary and ensures better operations and control.

V. Dividend on equity shares

During 2011-12, the Company declared and paid an interim dividend of ₹ 1.5 per share (face value of ₹ 2 per share). The

same is considered as final. The total dividend paid in 2010-11 was ₹ 3 per share.

VI. Allotment of shares

During 2011-12, your Company allotted 2,613,380 equity shares of ₹ 2 each on exercise of stock options under the Employee Stock Option Schemes of the Company.

VII. Deposits

During 2011-12, your Company did not accept / renew any deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under and as such, no amount of principal or interest was outstanding as on the balance sheet date.

VIII. Subsidiary companies

As on March 31, 2012, the Company has 29 subsidiaries located in India and overseas. Pursuant to the general exemption granted by the Ministry of Corporate Affairs vide circular dated February 8, 2011, the Board of Directors had at their meeting held on May 15, 2012 approved attaching the consolidated financials of all the subsidiaries of the Company along with that of the Company. The copies of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Report of the Auditors of each of the subsidiary companies are not attached to the accounts of the Company for financial year 2011-12. Your Company will make available these documents / details upon request by any member of the Company. These documents / details will also be available for inspection by any member of the Company at its registered office and also at the registered offices of the concerned subsidiaries. The Annual Report of all the subsidiaries shall be uploaded upon the website of the Company. As required by Accounting Standard - 21 (AS-21) issued by the Institute of Chartered Accountants of India, the Company's consolidated financial statements included in this Annual Report incorporates the accounts of its subsidiaries. A summary of key financials of the Company's subsidiaries is also included in this Annual Report.

IX. Management Discussion and Analysis

The Management Discussion and Analysis Report for 2011-12, as required under Clause 49 of the Listing Agreement is given as a separate statement in the Annual Report.

X. Disclosure of Employee Stock Options

During 2011-12, the Company granted 5,200,000 stock options to the employees under its Employee Stock Option Scheme 2007 and 2008. Details as per the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Option Purchase Scheme) Guidelines, 1999, are attached as an annexure.

XI. Directors

In accordance with Sections 255 and 256 of the Companies Act of 1956 read with Article 137 of the Articles of Association of the Company, Mr. Nilesh Vikamsey, retires by rotation and being eligible, offers himself for reappointment at the ensuing Annual General Meeting of the Company.

Mr. Sunil Kaul has been appointed as an Additional Director of the Company by the Board with effect from November 5, 2011. As per the provisions of Section 260 of the Companies Act, 1956, ("Act"), Mr. Kaul holds the position till the date of the forthcoming Annual General Meeting of the Company. The Company has received notice in writing from a member under Section 257 of the Act, proposing appointment of Mr. Kaul as a Director of the Company.

Mr. Chandran Ratnaswami has been appointed as an Additional Director of the Company by the Board with effect from May 15, 2012. As per the provisions of Section 260 of the Companies Act, 1956, ("Act"), Mr. Chandran holds the position till the date of the forthcoming Annual General Meeting of the Company. The Company has received notice in writing from a member under Section 257 of the Act, proposing appointment of Mr. Chandran as a Director of the Company.

The proposals for appointment of Mr. Sunil Kaul and Mr. Chandran Ratnaswami as Directors of the Company are recommended for shareholders approval.

XII. Directors' Responsibility Statement

As required by Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- (a) In the preparation of the annual accounts, the applicable accounting standards were followed

- (b) Appropriate accounting policies were selected and applied consistently and that judgments and estimates made were reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at March 31, 2012, and of its profit for the year ended on that date

- (c) Proper and sufficient care was taken to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities

- (d) The annual accounts were prepared on an ongoing concern basis

XIII. Conservation of energy, technology absorption, foreign exchange earnings and outgo

The additional information required in accordance with subsection (1)(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is appended to and forms part of this Report.

XIV. Corporate Governance Report

The Corporate Governance Report giving the details as required under Clause 49 of the Listing Agreement in the stock exchanges is given separately and forms part of the Director's Report to shareholders.

A certificate from the Statutory Auditors, M/s Sharp & Tannan Associates, Chartered Accountants, regarding compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is also attached.

With respect to the Corporate Governance Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs, Government of India, your Company is broadly complying with many of the requirements of the guidelines and is also in the process of implementing the remaining suggestions. The gist of major compliance with the said guidelines is given below:



- a) **Separation of offices of Chairman and Chief Executive:** The roles and offices of Chairman and Chief Executive are separated. Mr. Nirmal Jain is a Chairman of the Company and Mr. R Venkataraman is the Managing Director of the Company.
- b) **Remuneration of Directors:** The Independent Directors on the Board are paid sitting fees for attending the meeting of the Board and / or any Committee thereof. Further, Independent Directors are paid commission as approved by the Board within the overall limit approved by the shareholders of the Company.
- c) **Independent Directors:** Independent Directors are not involved in the day-to-day management of the Company.
- d) **Number of companies in which an individual may become a Director:** The Company has appraised its board members about the restriction on number of other directorships.
- e) **Internal Auditors:** The Company has an internal audit department which carries out audits in designated areas.
- f) **Internal Control:** The Board ensures the effectiveness of the Company's system of internal controls including financial, operational and compliance controls and risk management systems.

XV. Particulars of employees

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 and the rules framed thereunder, the names and other particulars of employees are set out in the annexure to the Directors' Report. In terms of the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Directors' Report is being sent to all the shareholders of the Company excluding the aforesaid information. The annexure is available for inspection at the registered office of the

Company. Any shareholder interested in the said information may write to the Company Secretary at the registered office of the Company.

XVI. Statutory Auditors

M/s. Sharp & Tannan Associates, Chartered Accountants, Mumbai, retire at the ensuing Annual General Meeting and being eligible offers themselves for reappointment. M/s Sharp & Tannan Associates have sought reappointment and confirmed that their reappointment shall be within the limits of Section 224(1B) of the Companies Act, 1956. The necessary eligibility certificate under Section 224(1B) of the Companies Act, 1956 was received from them. The Audit Committee and Board of Directors recommend the re-appointment of M/s Sharp & Tannan Associates, Chartered Accountants as the Auditors of the Company.

XVII. Appreciation

Your Directors place on record their sincere appreciation for the assistance and guidance provided by the government, regulators, stock exchanges, other statutory bodies and Company's bankers for the assistance, cooperation and encouragement extended to the Company.

Your Company's employees are instrumental in your Company scaling new heights, year after year. Their commitment and contribution is deeply acknowledged. Your involvement as shareholders is also greatly valued. Your Directors look forward to your continued support.

On behalf of the Board

Nirmal Jain
Chairman

Dated: May 15, 2012

Annexure to the Directors' Report

Information relating to conservation of energy, technology absorption and innovation and foreign exchange earnings / outgo forming part of the Directors' Report in terms of Section 217(1)(e) of the Companies Act, 1956.

(a) Conservation of energy

The Company is engaged in providing financial services and as such its operations do not account for substantial energy consumption. However, the Company is taking all possible measures to conserve energy. Several environment-friendly measures were adopted by the Company such as:

- Installed capacitors to save power
- Installed TFT monitors that saves power
- Automatic power shutdown of idle monitors
- Creating environmental awareness by distributing information in electronic form
- Minimising air-conditioning usage
- Shutting off all the lights when not in use
- Education and awareness programmes for employees

The management frequently puts circulars on corporate intranet, IWIN for the employees educating them on ways and means to conserve the electricity and other natural resources and ensures strict compliance of the same.

(b) Technology absorption and innovation

The management understands the importance of technology in the business segments it operates and lays utmost emphasis on the system development and use of best technology available in the industry. The management keeps itself abreast of technological advancements in the industry and ensures continued and sustained efforts towards absorption of technology, adaptation as well as development of the same to meet the business needs and objectives.

Software: The Company's in-house technology team developed and deployed the trader terminal, its proprietary trading platform, which is more user-friendly and has rich features that are superior to the other trading platforms available in the market. The Company also successfully developed a browser-based trading platform using .NET technology which is light and at the same time provides its

users rich experience. Back-office software was developed in-house, and commodity and currency capabilities were also added. Mobile and tablet friendly versions of the trading platform have been launched, and have gained significant adoption.

Network: The Management invested considerable resources in deploying the latest technologies in the areas of wide area networking using MPLS, video communications, VoIP, automated dialers and other customer relationship management (CRM) tools and software. A consolidated nationwide deal with Airtel has helped us roll out a reliable MPLS network with redundant MPLS clouds and automated failover in most locations. The Company also made significant strides in using cloud technology for customer-facing servers providing rapid and inexpensive ramp-up or down of capacity in line with business requirements.

(c) Foreign exchange earnings / outgo

- a) The foreign exchange earnings of the Company were ₹ 10.01 million
- b) The foreign exchange expenditure was ₹ 210.90 million

(d) Research and Development (R & D):

The Company is engaged in financial services and so there were no activities in the nature of research and development involved in the business. Being in financial services, we provide financial and equity research to the customers which is not in the nature of research and development.

Amount of expenditure incurred on Research and Development:

Particulars	March 31, 2012	March 31, 2011
Capital	Nil	Nil
Revenue	Nil	Nil



Following are the disclosures in terms of Clause 12 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Particulars	ESOP 2005	ESOP 2007	ESOP 2008
Options outstanding as at the beginning of the year	819,725	3,582,050	34,602,600
a Options granted during the year	–	2,500,000	2,700,000
b Pricing Formula	–	The Exercise Price may be decided by the compensation committee in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines and any amendments thereto, subject to a maximum discount of 35% to the market price.	The Exercise Price may be decided by the compensation committee in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines and any amendments thereto, subject to a maximum discount of 35% to the market price.
c Options Vested**	99,000	504,000	2,559,000
d Options Exercised**	774,350	887,430	951,600
e Total no. of shares arising as result of exercise of Options	774,350	887,430	951,600
f Options lapsed*	6,750	619,310	1,936,500
g Variation in terms of Options	None	None	None
h Money realised by exercise of Options (In millions)	23.49	40.69	44.76
i Total number of options in force**	38,625	4,575,310	34,414,500
**The number of options have been reported as on 31-03-2012			
*Lapsed Options includes options cancelled / lapsed.			
j Employee wise details of options granted to:			
- Senior Management		Nil	Nil
- any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year		Mr. Nipun Goel: (2.5 million)	Mr. Prabodh Aggarwal: (1 million)
- employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding warrants and conversions) of the company at the time of grant		Nil	Nil
k Diluted earnings per share pursuant to issue of shares on exercise of option calculated in accordance with AS 20 'Earnings per Share'			
l Pro Forma Adjusted Net Income and Earning Per Share			

Particulars		₹	
Net Income As Reported		632,965,236.0	
Add: Intrinsic Value Compensation Cost		3,481,224.0	
Less: Fair Value Compensation Cost		50,992,940.9	
Adjusted Pro Forma Net Income		585,453,519.1	
Earning Per Share: Basic			
As Reported		2.19	
Adjusted Pro Forma		2.03	
Earning Per Share: Diluted			
As Reported		1.95	
Adjusted Pro Forma		1.80	
m	Weighted average exercise price of Options granted during the year whose	ESOP 2008	ESOP 2007
(a)	Exercise price equals market price	72.40	NA
(b)	Exercise price is greater than market price	NA	70.00
(c)	Exercise price is less than market price	NA	NA
Weighted average fair value of options granted during the year whose			
(a)	Exercise price equals market price	43.59	28.34
(b)	Exercise price is greater than market price	NA	NA
(c)	Exercise price is less than market price	NA	NA
n	Description of method and significant assumptions used to estimate the fair value of options	The fair value of the options granted has been estimated using the Black-Scholes option pricing Model. Each tranche of vesting have been considered as a separate grant for the purpose of valuation. The assumptions used in the estimation of the same has been detailed below:	
Weighted average values for options granted during the year			
Variables	ESOP 2008	ESOP 2007	
Stock Price	72.40	69.90	
Volatility	74.54%	70.15%	
Riskfree Rate	8.28%	8.23%	
Exercise Price	72.40	70.00	
Time To Maturity	5.00	5.00	
Dividend yield	1.77%	1.77%	
	43.59	28.34	

Stock Price: Closing price on NSE as on the date of grant has been considered for valuing the grants.

Volatility: We have considered the historical volatility of the stock till the date of grant to calculate the fair value.

Risk-free rate of return: The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities.

Exercise Price: The Exercise Price may be decided by the compensation committee in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines and any amendments thereto, subject to a maximum discount of 35% to the market price.

Time to Maturity: Time to Maturity / Expected Life of options is the period for which the Company expects the options to be live. The minimum life of a stock option is the minimum period before which the options cannot be exercised and the maximum life is the maximum period after which the options cannot be exercised.

Expected dividend yield: Expected dividend yield has been calculated as an average of dividend yields for the four financial years preceding the date of the grant.



MANAGEMENT'S DISCUSSION AND ANALYSIS

IIFL SEGMENT OVERVIEW

This section covers a discussion on the consolidated financials of India Infoline Limited along with all its subsidiaries. A significant part of your Company's business is conducted through its subsidiaries, the consolidated accounts provide a more accurate representation of your Company's performance as compared with the standalone accounts. Therefore, management's discussion and analysis pertains to consolidated results.

The broad composition of consolidated income comprises the following:

(₹ million)

	Year ended March 31, 2012	% in total income	Year ended March 31, 2011	% in total income
Equity brokerage and related income	5,457.6	28.9%	6,697.3	45.4%
Financing and investing income	10,904.5	57.8%	6,180.5	41.9%
Marketing and distribution income	2,430.7	12.9%	1,842.7	12.5%
Other Income	71.9	0.4%	19.0	0.1%
Total Income	18,864.7	100.0%	14,739.5	100.0%

Equities broking and related income

This segment includes income from broking and related activities in the cash and derivatives segments of BSE / NSE and commodities trading on MCX and NCDEX. The related income includes income derived from portfolio advisory and investment banking services.

During the year, equities broking and related income declined 18.5% y-o-y to ₹ 5.4 billion. This was primarily on account of fall in yield due to industry-wide change in the product mix shifting towards the futures and options segments. The futures and options segment accounted for 90% of volumes for the year under review as compared with 86% in FY11 with a corresponding fall in the relative share of the cash segment. Within the cash segment, the relative share of delivery volumes declined.

During the year, your Company's client base in the broking segment increased to 0.99 million as against 0.95 million in the previous year. As on March 31, 2012, your Company had over 3,000 business locations comprising own branches as well as sub-brokers, spread across more than 500 cities and towns across India.

In the commodities brokerage business, your Company's average daily volume was ₹ 14.8 billion during FY12 as compared with ₹ 7.4 billion in FY11, registering a growth of

101% y-o-y. Our overall market share on both exchanges (MCX and NCDEX) increased to 2.3% from 1.9% in the previous year. Commodities trading is penetrating wider and deeper across India. The trading volumes in commodities comprise a number of diverse commodities including gold, silver, wheat, crude oil, among others.

Financing and investing income

The income from financing and investments stood at ₹ 10.9 billion during the year, up 76.4% y-o-y. Your Company's product offerings include margin funding and loan against shares, loan to promoters, home loans, loan against property, gold loans and financing healthcare equipment. The Company's portfolio stood at ₹ 67.5 billion as at March 2012, a 105% growth y-o-y. The loan book as at March 31, 2012, comprised ₹ 7.5 billion (₹ 11.6 billion in FY11) of loan against capital market products, ₹ 30.1 billion (₹ 19.5 billion in FY11) of loans against property, ₹ 27.7 billion (₹ 1.3 billion in FY11) of gold loans and ₹ 2.1 billion (₹ 0.5 billion in FY11) being others. Besides, based on available opportunities, your Company also deployed funds in equities, commodities or currencies arbitrage activities. The relative contribution of arbitrage activities in the income of year under review however was not significant. The growth in the loan book in the current year was driven by your Company's capability to originate retail and wholesale assets against collateral of

property through its nationwide distribution network and quick turnaround in the economic and credit environment. The loan against securities book declined due to volatile markets and negative capital market sentiments.

Your Company's balance sheet still has room to increase the leverage and therefore has the capacity to increase the loan book, without depending on infusion of equity capital.

Distribution and marketing income

Distribution and marketing income comprises commission, brokerage and marketing income generated from distributing

third-party products such as insurance, mutual funds and online marketing on your Company's website. During the year, your Company's income from distribution and marketing was ₹ 2.4 billion, an increase of 31.9% y-o-y. A significant part of this income is contributed by commission and brokerage on life insurance premium mobilised as an insurance broker. Your Company sold insurance policies issued by various life insurance companies including ICICI Prudential, Reliance Life Insurance, Max New York Life and Bajaj Life Insurance.

Costs

The following table sets forth the expenditure that your Company incurred under various heads:

(₹ million)

	March 31, 2012	March 31, 2011
Employee benefit expense	4,917.4	3,925.3
Finance cost	5,043.1	2,358.0
Depreciation and amortisation expense	802.2	581.7
Other expenses	5,789.9	4,441.0
Provision and write off	316.8	305.6
Total	16,869.5	11,611.6

Employee benefit expense

Employee cost were ₹ 4.92 billion for FY12, up 25.3% on a year-on-year basis. This increase in employee cost is primarily on account of inflationary increase in manpower cost as well as additional manpower in the expanded network of specialised consumer finance branches.

Depreciation expense

Depreciation in FY12 was ₹ 802.2 million compared with ₹ 581.7 million in FY11, an increase of 37.9%. This increase was on account of ongoing capital expenditure on expanding our consumer finance branches and overall infrastructure.

Other expenses

Other expenses include direct costs and administrative costs. Direct costs comprise brokerage related charges, exchange and statutory charges, commissions and direct operating costs relating to the financing business. Administrative costs comprise expenses incurred on rent, electricity,

telecommunication, technology, infrastructure, printing and stationery, among other expenses.

Other expenses increased from ₹ 4,441.0 million in FY11 to ₹ 5,789.9 million in FY12, an increase of 30.4%. Direct costs increased in line with growth in total income. The increase in administrative costs is on account of an inflationary increase in utility prices and expansion in consumer finance branches.

Provisions and Write-off

Provisions and write off are provided for as per Management estimates, subject to minimum provision required as per the directions issued by the Reserve Bank of India and National Housing Bank. During the year provisions and write off marginally increased to ₹ 316.8 million from ₹ 305.6 million in FY11.



BALANCE SHEET

Sources of funds

Share capital

Your Company's share capital increased from ₹ 572.8 million last year to ₹ 578.0 million, on exercise of stock options by the eligible employees under ESOP Schemes.

	As on March 31, 2012		As on March 31, 2011	
	Equity shares (No.)	₹ million	Equity shares (No.)	₹ million
Share capital – beginning of the year	286,410,823	572.8	285,214,775	570.4
ESOP plan	2,613,380	5.2	14,194,925	28.4
Buy back	–	–	(12,998,877)	(26.0)
Share capital – end of the year	289,024,203	578.0	286,410,823	572.8

Reserves and surplus

Your Company's networth (excluding minority interest) increased from ₹ 16.6 billion in FY11 to ₹ 17.5 billion in FY12. Your Company's book value per share increased from ₹ 58.11 per share to ₹ 60.69 per share (excluding minority interest). The increase in networth is on account of retained profits. Summary of reserves and surplus is provided in the table below.

(₹ million)

	Balance as at March 31, 2011	Additions	Deductions / adjustments	Balance as at March 31, 2012
Securities premium account	11,058.5	103.7	1,594.6	9,567.6
General reserve	677.9	65.2	–	743.1
Capital reserve	597.7	1,594.6	200.0	1,992.3
Capital redemption reserve	31.1	–	–	31.1
Special reserve	508.7	216.3	–	725.0
Debenture redemption reserve	–	630.0	–	630.0
Employee stock options outstanding	44.9	3.5	–	48.4
Foreign exchange fluctuation reserve	144.4	102.1	–	246.5
Profit and loss account	3,004.9	1,360.7	1,385.7	2,979.9
	16,068.1	4,076.1	3,180.3	16,963.9

Securities Premium

(₹ million)

As on March 31	March 31, 2012	March 31, 2011
Balance – beginning of the year	11,058.5	11,540.3
Add : Premium in ESOP exercise	103.7	577.0
Add : Proceeds from issuance of minority share capital	-	27.5
Less : Buy back	-	(1,014.0)
Less : Transfer to capital redemption reserve	-	(26.0)
Less : Transfer to capital reserve	(1,594.6)	-
Less : Share issue expenses	-	(16.5)
Less : Bonus issue of shares (minority interest)	-	(29.8)
Balance – end of the year	9,567.6	11,058.5

*The securities premium account decreased from ₹ 11,058.5 million to ₹ 9,567.6 million on account of merger of India Infoline Marketing Services Limited, a wholly owned subsidiary, with the Company.

Loans

Secured loans outstanding as on March 31, 2012 were ₹ 40.2 billion compared with ₹15.7 billion as at the previous year end. Your Company availed of long-term resources by public issue of NCDs, private placement of NCDs, secured loans from banks and mutual funds primarily to fund the medium to long-term requirements of its lending business. These loans are mainly secured against the receivables of your Company.

Your Company's unsecured loans as on March 31, 2012 stood at ₹ 19.7 billion compared with ₹ 13.6 billion as at the

previous year end. The unsecured loans were taken mainly from mutual funds to finance your Company's short term requirements of its lending business.

Application of funds

Fixed assets

During the year, your Company's gross block increased by 27.2% to ₹ 7.1 billion from ₹ 5.6 billion in the previous year. The new addition to fixed assets included your Company's new owned premises at various location across the country. Your Company continued to invest in technology, call centre infrastructure and upgradation of existing offices.

A statement of movement in fixed assets is given below:

₹ million

As on March 31	2012	2011	Growth %
Computers	607.8	476.1	27.7%
Electrical equipment	659.2	423.9	55.5%
Furniture and fixture	1,731.5	1,210.9	43.0%
Office equipment (air-conditioners, among others)	698.4	494.4	41.3%
Buildings (including land)	1,480.2	1,067.2	38.7%
Land / leasehold land	1,828.8	1,813.8	0.8%
Vehicles	7.3	7.4	(1.3%)
Software	84.4	83.7	0.7%
Non compete fees	12.4	12.4	0.2%
Gross block	7,110.0	5,589.8	27.2%
Less : accumulated depreciation	2,324.0	1,542.9	50.6%
Net block	4,786.0	4,046.9	18.3%
Add : Capital work in progress	114.5	371.0	(69.1%)
Net fixed assets	4,900.5	4,417.9	10.9%
Depreciation			
as % of revenue	4.3%	3.9%	
as % average gross block	12.6%	10.4%	
Accumulated depreciation as % of gross block	32.7%	27.6%	

Investments

Your Company's investment portfolio stood at ₹ 6.8 billion as of March 31, 2012, as compared with ₹ 3.4 billion as at the previous year end. Of this, ₹ 1,038.7 million (₹ 2,979.3 million as on March 31, 2011) were deployed in fixed income schemes of various mutual funds, ₹ 5,221.7 million (₹ nil as

on March 31, 2011) in debentures and bonds for financing real estate projects and ₹ 125.8 million in equity of various companies. Your Company also holds a private equity investment of ₹ 442.3 million (₹ 247.7 million as on March 31, 2011) besides ₹ 16.8 million in 130,000 shares in The Bombay Stock Exchange Ltd. (₹ 16.8 million as on March 31, 2011)



Cash and cash equivalent

A detailed table of cash and cash equivalents is given below:

(₹ million)

As on March 31	2012	2011
Cash balance	273.4	285.1
Bank balances in India		
Current accounts	4,477.3	4,326.0
Deposit accounts	3,687.8	3,422.8
Unclaimed dividend account	0.1	6.7
Bank balances held by subsidiaries outside India		
Current accounts	146.9	204.8
Deposit accounts	22.0	60.6
Total cash and bank balances	8,607.5	8,306.0
Deposits (reported under 'loans & advances')	146.2	1,186.9
Investment in fixed income schemes of mutual funds / equity shares (reported under 'Investments / Stock in trade')	3,300.5	3,857.5
Total cash and cash equivalents	12,054.2	13,350.4
Cash and equivalents / total assets	12.7%	21.6%
Cash and equivalents / revenues	63.9%	90.6%

Deferred tax assets and liabilities

Deferred tax assets and liabilities were computed as per the provisions of the Income Tax Act, 1961. Deferred tax assets are ₹ 492.2 million as on March 31, 2012, (Previous year ₹ 284.3 million). Some of your Company's international subsidiaries are in investment phase and are expected to be profitable in three to five years' time.

HUMAN RESOURCES

Your Company's people philosophy of hiring and retaining exceptional talent continues to yield results. Your Company believes in giving its employees a work environment which helps them apply their mind freely and promote an 'Owner Mindset'. Each employee is encouraged to think, act and behave like owners as if it were their own business. This helped us grow over the last decade into a respected name in the financial services space in the face of a competitive environment. Your Company developed robust systems on resourcing and rewards to help get the best talent on board. Stock ownership plans for select group of employees reiterates your Company's focus on promoting meritocracy. Training continues to be the backbone of all businesses and

through our combination of classroom and e-learning programmes, we are able to quickly disseminate essential updates to employees. Today, your Company offers a strong brand, an open work environment conducive for independent decision making and competitive compensation that helps attract and retain talented professionals who are eager to deliver results.

The total employee strength of your Company and its subsidiaries as on March 31, 2012 was 13,749.

RISK MANAGEMENT

At IIFL, risk management is integrated seamlessly into its business strategy. The objective of our risk management process is to insulate your Company from the risks associated with the business while simultaneously creating an environment conducive for its growth. It entails a comprehensive estimation, control and review of risk to protect organisational value. The top management has a 'hands-on' approach at a strategic level, at the same time delegating and decentralising operations. Risk management also forms a critical part of our training module across all

levels so that all employees are trained on risk management and its implications thereof. Your Company's well-defined organisational structure, documented policies and Standard Operating Procedures (SOP's), authority matrix and internal controls ensure efficiency of operations, compliance with internal policies and regulatory requirements.

At your Company, a governance process was institutionalised, ensuring that risk management concepts and policies are applied to all business and risk types. Decision making levels are based on your Company's objectives and risk tolerance limits. Many of the critical decision levels for investments, major lending, policy initiatives are institutionalised through appropriate committees comprising senior officials and experts. Strategies, policies and limits are designed to ensure that risks are prudently diversified. Risk mitigating activities are reviewed periodically by the senior management and by the Board.

Our experienced compliance, audit and risk management teams play a vital role in ensuring that rules and regulations are strictly followed in all its process, not just in letter but also in spirit. The risk management discipline is centrally initiated but prudently decentralised; percolating to the line managers and helping them mitigate risks at the transactional level, the most effective form of risk management.

Market risk

The financial services sector is aligned to a variety of factors linked to India's economic development and rest of the world and also on global fund actions. Any economic event globally can have a direct or indirect impact on your Company. Also, in retail and institutional broking, being one of the core businesses of your Company, there is the risk of volatility in capital markets, hindering growth.

Risk Mitigants

To mitigate this, your Company diversified its revenue streams across multiple product lines and businesses involving capital market related and non-capital market related, fund and non fund based, advisory and distribution businesses. IIFL's presence in multiple product segments serves as a natural hedge against a downturn in any particular sector. For instance, the Company's presence in the relatively volatile equity segment is balanced by its presence in the relatively

stable mortgage financing business. Similarly, its presence in commodity broking is expected to be contra-cyclical to its presence in the equity business.

Reputation risk

IIFL is one of the leading Indian financial services companies in India and employs over 13,000 people spread across 3,000 business location. Your Company services around 1 million customers. Being such a large organisation, with multiple competitors across various segments, IIFL faces the risk of losing its reputation due to human errors, low productivity and break of trust between clients and relationship managers.

Risk Mitigants

Over the years, your Company has built in systems, processes, checks and balances which ensures that operating managers say 'No' to poor quality, short cuts, stop-gap alternatives, unfair / ad hoc policies, among others. Also, it has in place a stringent employee Code of Conduct and trading guidelines which are to be followed by every employee. Your Company's policy ensures monitoring and strict disciplinary actions against those deviating from the same.

Your Company also institutionalised a number of measures to ensure customer satisfaction. IIFL set-up a robust customer service and investor grievance cell, to ensure all queries, issues of customers are resolved in a timely and fair manner. The Trader Terminal provides real-time data and ledger balances of the stocks and funds position enabling customers to know their positions. Your Company transfers client funds / securities to the customers in designated banks / demat accounts. All receipts and payments from / to customers are done through account payee cheques / DDs with client Ids and no cash acceptance is permitted. Our lending business system provides day-to-day customer loan balances and interest dues whereby customers are intimated about their dues instantly through the branches.

Your Company makes a constant and concerted effort to educate customers of the 'Do's and Don'ts'. Your Company has an elaborate customer education programme through its FLAME initiative spread through newspapers, advertisements, seminars and conferences, booklets, among others.



Credit and finance risk

With the loans and advances business now comprising almost 58% of our turnover, your Company runs the risk of clients not honouring their financial commitments. In such a case, the Company's cash flow could be significantly affected.

Risk Mitigants

For the credit and finance business, we have a multi-level Credit & Investment Committee comprising Directors of the Board / HODs to consider medium to bigger credit proposals while the smaller proposals are decided at lower levels as per our approval matrix.

Your Company has in place a Risk Management Committee and Asset Liability Management Committee (ALCO) comprising Directors and senior officials which regularly meets and reviews the policies, systems, controls and positions of credit and finance business. The Risk Committee reviews the risk management processes covering credit and underwriting controls, operations, technology and compliance risks. The ALCO Committee reviews the strategic management of interest rates and liquidity risks, review of product pricing for various loans and advances, desired maturity profile and mix of the incremental asset and liabilities. It also reviews the funding policies of your Company in light of interest rate movements and desired fund mixes particularly fixed / floating rate funds, wholesale / retail funds, money market funding, among others. In order to enable frequent reviews and actions, an internal ALCO Committee has also been put in place comprising the business heads, finance and treasury heads which meets on a monthly basis, analyses and initiates appropriate actions keeping in view the emerging conditions.

In case of margin funding, when the credit limit is breached, a system-generated alert makes it possible for the Company to liquidate the client's holdings, hereby reducing risk. Besides, a stock-based categorisation allows limits to be set based on the liquidity and quality of the specific stock.

Technology risk

The dominant online nature of the Company's business model makes technology selection and management critical. Besides, IIFL has over 3,000 business locations across India. A

delayed communication between branches could affect the security of customer assets and Company's records. In this technology-intensive environment, tampering with systemic algorithms could affect clients and the Company.

Risk Mitigants

Your Company invested in developing one of the best trading front-end systems, enabling users to place orders and receive confirmations quickly. The Trader Terminal, its proprietary trading platform, is user-friendly and has rich features that are superior to the other trading platforms available in the market. Mobile and tablet-friendly versions of the trading platform have been launched, and have gained significant acceptance.

The management invested considerable resources in deploying the latest technologies in the areas of wide area networking using MPLS, video communications, VoIP, automated dialers and other customer relationship management (CRM) tools and software. A consolidated nation-wide deal with Airtel helped us roll out a reliable MPLS network with redundant MPLS clouds and automated failover in most locations. Your Company also made significant strides in using cloud technology for customer-facing servers providing rapid and inexpensive ramp-up or down of capacity in line with business requirements.

India Infoline's intranet portal allows each employee to log on in a secure manner and view relevant information. Most of the software employs a two-factor authentication technique to ensure security.

The Company also has in place a Business Continuity Plan, which includes setting up a disaster recovery site with an online replication of data.

Compliance risk

Your Company operates primarily under the finance and financial services space. Each of these businesses are conducted under separate companies and is regulated by a different regulator. We are registered and regulated by SEBI for merchant banking, stock broking, depository participants, portfolio management and mutual fund businesses. India Infoline Finance Ltd is an NBFC registered with Reserve Bank of India and housing finance subsidiary namely India Infoline

Housing Finance Ltd is registered with National Housing Bank. Our commodities broking subsidiary is regulated by Forward Markets Commission and our insurance broking subsidiary is registered with IRDA. Besides, our foreign subsidiaries are registered with respective overseas regulatory authorities. The Company's presence in a variety of financial segments warrants an ongoing compliance with the evolving requirements of their various regulators. Any violation or transgression could invite censure, affecting the Company's reputation.

Risk Mitigants

Your Company has a robust compliance department manned by knowledgeable and experienced professionals in compliance, secretarial, legal and audit fields which guides the businesses / functions on all regulatory compliances and ensures all the regulatory compliances and reporting's of the Group.

At your Company, the compliance and audit discipline extends across the entire transaction cycle: KYC process, transaction execution, transaction settlement involving securities, loan documentations, pre and post disbursement, fund transfer, customer reporting's, among others. We instituted special purpose audits for credit audit, systems audit, portfolio management audit, among others. The compliance requirements across the various service points have been communicated comprehensively to all through compliance manuals and circulars. To ensure complete involvement in the compliance process, heads of every business / zones / area offices and departments submit quarterly compliance reports, the compilations of which are reviewed by the Audit Committee / Board and also submitted to regulatory bodies periodically.

Human resources risk

The Company hires quality manpower with relevant experience across all areas of its businesses. With this, your Company faces the risk arising from human errors, people attrition, leave, management error and low productivity.

Risk Mitigants

Your Company established over the years several initiatives to develop HR and retain human capital. The Company ensured a professional environment which is conducive for the overall

growth and progress of our employees. Employees are encouraged to take decisions and work with the fundamental ethos of an 'Owner Mindset' wherein employees work as 'co-owners'. This has further been implemented by roll-out of attractive ESOP schemes for employees. Your Company developed a robust performance management system, to ensure that employees are rewarded based on their performance. Your Company also invested in building a strong training and development programme through classroom and e-learning modules, to encourage growth and learning of employees.

INTERNAL CONTROLS

Your Company invested in ensuring that its internal audit and control systems are adequate and commensurate with the nature of business and the size of our operations. The internal control system is supplemented by concurrent and internal audits as well as special audits and regular reviews by management. Your Company has retained a reputed global firm Ernst & Young as its Group Internal Auditors. Your Company also retains a few specialised audit firms to carry out specific / concurrent audit of some critical functions such as half-yearly internal audit of broking business mandated by SEBI / exchanges, KYC process, demat transfers, pay-outs, systems audit, branches and sub-brokers audits, credit audit, loan documentation audits, pre and post disbursement audit, among others. Your Company also has an internal team of professionals at its head office in Mumbai, supported by regional teams at zonal offices. The internal team undertakes special situation audits and follows up on implementation of Internal Auditors' recommendations and action taken reports. The Auditors' Report and rectifications / implementations of audit observations are reviewed by the top management and Audit Committee at regular intervals.

The internal processes were designed to ensure adequate checks and balances at every stage. The processes are reviewed periodically by Internal Auditors as well as Audit Committee and strengthened from time to time. Your Company also has to comply with several specific audits that are required by regulatory authorities such as SEBI / exchanges / depositories and the reports are submitted to the regulators periodically.



OUTLOOK

Broking services: The stock market sentiment continues to be affected by concerns about macro economic situation, rupee value and direction of government policies and reforms. Equities markets have tendency to be unpredictable and can swing in either direction very quickly. However, we expect volume growth to continue in commodities and currencies trading which are not much affected by the capital market sentiment.

Financing business: Demand for home loans, mortgages, gold loans and health care equipment loans should continue to register healthy growth, driven by favorable demographics, growth in disposable income and under-penetration of credit. We expect interest rates to remain stable or move southward and liquidity to ease. This should augur well for demand growth in financing and lending business.

Financial products distribution: If equities sentiment is muted, retail and HNI investors tend to overweigh their portfolio with other asset classes like fixed income, real estate, structured products, gold etc. We expect this business to grow steadily. Insurance and mutual fund industry seems to have metamorphosed with regulatory intervention and now is ready for a healthy sustained long term growth.

To sum up, notwithstanding global turmoil, regulatory tightening and cyclical economic downtrend, financial services industry in India on the whole, will continue to march ahead at a healthy pace. Your Company has a de-risked business model with multiple products and is well placed to participate in the industry growth.

CORPORATE GOVERNANCE REPORT

1. Corporate philosophy

Corporate Governance is a set of systems and procedure to ensure accountability, transparency and fairness in the affairs of the Company to meet its stakeholders' aspirations and societal expectations. The Corporate Governance principles aim to provide stakeholders value and transparency to promote sustainable long-term success. The Company believes that adherence to business ethics and commitment to Corporate Governance will help the Company to achieve its goal of maximising value for all its stakeholders and endeavours to not only match international standards but also strives to set a benchmark for Corporate Governance initiatives.

Your Company continues to focus on good Corporate Governance in line with local and global standards. Its primary objective is to create and adhere to a corporate culture of conscience and consciousness, integrity, transparency and accountability for efficient and ethical conduct of business for meeting its obligations towards shareholders and other stakeholders.

Corporate Governance is an integral part of the philosophy of the Company in its pursuit of excellence, growth and value creation. In addition to complying with the statutory requirements, effective governance systems and practices towards improving transparency, disclosures, internal controls and promotion of ethics at work place have been institutionalised. The Company recognises that good governance is a continuing exercise and reiterates its commitment to pursue highest standards of Corporate Governance in the overall interest of all its stakeholders.

Our Corporate Governance philosophy is based on the following principles.

- Corporate Governance standards should be complied with in letter as well as spirit
- Maintain absolute transparency and adequate disclosure practices
- Individual preferences and convenience should be subordinate to corporate conveniences
- Communicate externally in a truthful manner about how

the Company is run internally

- Compliance with the laws in which the Company operates
- Simple and transparent corporate disclosure driven solely by business needs
- Management is the trustee of the shareholders' capital and not the owner

The Report on Corporate Governance, as per the applicable provisions of Clause 49 of the Listing Agreement, is as under

2. Board of Directors

(a) Composition of the Board

The Board of Directors ("Board") of the Company has an optimum combination of executive and non-executive Directors, who have in-depth knowledge of business, in addition to the expertise in their areas of specialisation. The Board provides leadership, strategic guidance and an independent view to the Company's management. The brief profiles of the Directors are as follows:

Mr. Nirmal Jain (Chairman)

Mr. Nirmal Jain is the founder and Chairman of your Company. He is a PGDM (Post Graduate Diploma in Management) from IIM (Indian Institute of Management) Ahmedabad, a Chartered Accountant and a rank-holder Cost Accountant.

His professional track record is equally outstanding. He started his career in 1989 with Hindustan Lever Limited, the Indian arm of Unilever. During his stint with Hindustan Lever, he handled a variety of responsibilities, including export and trading in agro-commodities. He contributed immensely towards the rapid and profitable growth of Hindustan Lever's commodity export business, which was then the nation's as well as the company's top priority.

He founded Probitry Research and Services Pvt. Ltd. (later re-christened India Infoline) in 1995; perhaps the first independent equity research Company in India. His work set new standards for equity research in India. Mr. Jain was one of the first entrepreneurs in India to seize the internet opportunity, with the launch of www.indiainfoline.com in 1999. Under his leadership, your Company not only steered through the dotcom bust and one of the worst stock market



downtrends but also grew from strength to strength.

Mr. R. Venkataraman (Managing Director)

Mr. R. Venkataraman, Co-Promoter and Managing Director of India Infoline Ltd., is a B.Tech (electronics and electrical communications engineering, IIT Kharagpur) and an MBA (IIM Bangalore). He joined the India Infoline Board in July 1999. He previously held senior managerial positions in ICICI Limited, including ICICI Securities Limited, their investment banking joint venture with J P Morgan of US, BZW and Taib Capital Corporation Limited. He worked as the Assistant Vice President with G E Capital Services India Limited in their private equity division. He has a varied experience of more than 21 years in the financial services sector.

Mr. Kranti Sinha (Independent Director)

Mr. Kranti Sinha — Board member since January 2005 — completed his masters from the Agra University and started his career as a Class I Officer with Life Insurance Corporation of India. He served as the Director and Chief Executive of LIC Housing Finance Limited from August 1998 to December 2002 and concurrently as the Managing Director of LICHL Care Homes (a wholly-owned subsidiary of LIC Housing Finance Limited). He retired from the permanent cadre of the Executive Director of LIC; served as the Deputy President of the Governing Council of Insurance Institute of India and as a member of the Governing Council of National Insurance Academy, Pune apart from various other such bodies. Mr. Sinha is also on the Board of Directors of Hindustan Motors Limited and Cinemax (India) Limited.

Mr. Nilesh Vikamsey (Independent Director)

Mr. Nilesh Vikamsey – Board Member since February 2005 - is a practicing Chartered Accountant for 27 years and Senior Partner at M/s Khimji Kunverji & Co., Chartered Accountants, a member firm of HLB International, a worldwide organisation of professional accounting firms and business advisers, ranked amongst the top 12 accounting groups globally.

Mr. Vikamsey is an elected member of the Central Council of Institute of Chartered Accountant of India (ICAI). Mr. Vikamsey is a member of SEBI Committee on Disclosures and Accounting Standards (SCODA), IRDA-Working Group for

developing Indian Specific ACORD Standards for the Indian Insurance Market, Member of LLP Committee of Ministry of Corporate Affairs (MCA). He is also Chairman / member of various committees constituted by ICAI. Mr. Vikamsey is also a Director of The Federal Bank Ltd., SBI Life Insurance Company Limited, India Infoline Finance Limited, Rodium Realty Limited, ICAI Accounting Research Foundation and few Private Limited companies and Trustee in Sayagi U Ba Khin Memorial Trust (Vipassana International Academy) and few trusts focusing on education.

Mr. A. K. Purwar (Independent Director)

Mr. Purwar is currently the Chairman of IndiaVenture Advisors Pvt. Ltd, investment manager to IndiaVenture Trust – Fund I, the healthcare and life sciences-focused private equity fund sponsored by the Piramal Group. He has also taken over as the Chairman of IL & FS Renewable Energy Limited in March 2008 and India Infoline Finance Ltd in November 2009.

He is working as an Independent Director in leading companies in telecom, steel, textiles, power, auto components, renewable energy, engineering consultancy, financial services and healthcare services. He is an Advisor to Mizuho Securities in Japan, Member of the Board of Management of Bombay Hospital Trust and is also a member of Advisory Board for Institute of Indian Economic Studies (IIES), Waseda University, Tokyo, Japan.

Mr. Purwar was the Chairman of State Bank of India, the largest bank in the country from November 2002 to May 2006 and held several important and critical positions like Managing Director of State Bank of Patiala, Chief Executive Officer of the Tokyo branch, covering almost the entire range of commercial banking operations in his illustrious career at the bank from 1968 to 2006. Mr. Purwar also worked as Chairman of Indian Bank Association during 2005-2006

Awards received: 'CEO of the year' Award from the Institute for Technology & Management (2004); 'Outstanding Achiever of the year' Award from Indian Banks' Association (2004); 'Finance Man of the Year' Award by the Bombay Management Association in 2006.

Mr. Sunil Kaul (Non-Executive Director)

Mr. Sunil Kaul is a Managing Director for Carlyle's Asia Buyout fund focused on investments in the financial services sector across Asia. He is currently based out of Singapore.

Mr. Kaul has over 20 years' experience in corporate and consumer banking. Prior to joining Carlyle, Mr. Kaul served as the president of Citibank Japan and Chairman of Citi's credit card and consumer finance companies in Japan. He was also a member of Citi's Global Management Committee and Global Consumer Planning Group. He has also held senior positions in Citi in the Asia Pacific region and in New York. He has also worked as the Global Cash Business Management Head for ABN Amro, based out of Holland.

Mr. Kaul also serves as a director on the board of TC Bank and is a member of its Risk and Executive Companies. He is also a member of the Asia Pacific Infrastructure Partnership

Mr. Kaul earned his postgraduate degree in management from the Indian Institute of Management, Bangalore and a bachelor's degree in technology from the Indian Institute of Technology, Bombay.

Mr. Chandran Ratnaswami (Non-Executive Director)

Mr. Chandran Ratnaswami is a Managing Director of Hamblin Watsa Investment Counsel Limited, a wholly-owned investment management company of Fairfax Financial Holdings Limited. Hamblin Watsa provides discretionary investment management to all of the insurance and reinsurance subsidiary companies of Fairfax and currently manages around \$ 33 billion.

Prior to joining Hamblin Watsa, Mr. Ratnaswami was owner / president of an industrial distribution company and a senior executive at a large multinational consumer packaged food company. At Hamblin Watsa, he is responsible for all Fairfax and subsidiary investments in Asia. Mr. Ratnaswami holds a Bachelor's degree in Civil Engineering from I.I.T Madras, India and an MBA from the University of Toronto, Canada.

Mr. Ratnaswami serves on the Boards of ICICI Lombard General Insurance Company Limited and Fairbridge Capital in India, Ridley Inc. in the United States and Zoomermedia Limited in Toronto, Canada. He is also the Chairman of the Board of Trustees of Lansing United Church in Toronto, Canada.

The other Board and Board Committees in which the Director is Member or Chairman are as under:

Name of the Director	Relationship with other Director	Directorships in India under Section 275 of the Companies Act, 1956 ¹	Other directorships ²	Membership of other Board committees ³	
				Member	Chairman
Mr. Nirmal Jain	N.A.	10	2	1	Nil
Mr. R. Venkataraman	N.A.	10	1	3	Nil
Mr. Kranti Sinha	N.A.	3	Nil	4	2
Mr. Nilesh Vikamsey	N.A.	2	4	2	2
Mr. A. K. Purwar	N.A.	10	7	5	2
Mr. Sunil Kaul	N.A.	Nil	Nil	Nil	Nil
Mr. Chandran Ratnaswami	N.A.	1	Nil	Nil	Nil

Note:

1. Directorship held by the Directors, as mentioned above, does not include Directorships in Private Limited Companies which are neither a subsidiary nor holding company of public company, foreign companies and companies not carrying business for profit.
2. Other Directorships are those, which are not covered under Section 275 of the Companies Act, 1956.
3. The committees considered for above purpose are those prescribed in the Listing Agreement viz. Audit Committee and Share Transfer and Investor Grievance Committee.



(a) Meeting of Board of Directors

The Board Meetings were convened after giving proper notice and detailed agenda. The Board meets at least once a quarter and the time gap between two Board Meetings is not more than four (4) calendar months. The Board of the Company met five (5) times during the last financial year on May 07, 2011, July 30, 2011, November 05, 2011, January 10, 2012 and February 4, 2012.

The attendance of Directors at the Board Meeting and last Annual General Meetings was as under:

Name of the Director	Total board meetings	Board meetings attended	Annual General Meeting dated July 29, 2011 whether attended
Mr. Nirmal Jain	5	5	Yes
Mr. R. Venkataraman	5	5	Yes
Mr. Kranti Sinha	5	5	Yes
Mr. Nilesh Vikamsey	5	5	Yes
Mr. A. K. Purwar	5	5	Yes
Mr. Sunil Kaul*	3	2	NA
Mr. Chandran Ratnaswami**	Nil	Nil	NA

*Mr. Sunil Kaul was appointed as Non-Executive Director of the Company with effect from November 05, 2011.

**Mr. Chandran Ratnaswami was was appointed as Non-Executive Director of the Company with effect from May 15, 2012.

The following information is given to the Board either as a part of the agenda of the meeting or by way of presentation during the meeting:

- Annual operating plans, budgets and performances
- Quarterly, half-yearly and annual results of your Company and its' subsidiary companies
- Minutes of meeting of Audit Committee and other committees of the Board of Directors
- Minutes of all the subsidiary companies
- Information on appointment of all the key managerial personnel below the Board level
- Significant regulatory matters
- Detailed risk analysis
- Details of potential acquisitions or disinvestments
- Details of potential joint venture or collaborations
- Details of investments
- Details of deployment of capital issue proceeds
- Compliance of statutory regulations, listing agreements
- Significant investments, transactions and arrangements of subsidiary companies
- Such other material and significant information

The Board performs following functions in addition to overseeing the overall business and management:

- Review, monitor and approve major financial and business strategies and corporate actions;
- Assess critical risks facing your Company – review options for their mitigation;
- Ensure that processes are in place for maintaining the integrity of:
 - The Company
 - The financial statements
 - Compliance with law
 - Relationships with customers, suppliers and other stakeholders
- Delegation of appropriate authority to the senior executives of the Company for effective management of operations.

(c) Details of Director's remuneration

The details of remuneration paid during the year ended March 31, 2012 were as follows:

Name of the Director	Salary and perquisite (₹)	Commission (₹)	Cont to PF and other funds(₹)	Sitting fees (₹)	Stock options granted	No. of Equity shares held	Convertible warrants
Mr. Nirmal Jain	17,218,750	-	17,280	-	-	51,200,000	-
Mr. R. Venkataraman	12,397,500	-	14,640	-	-	19,862,510	-
Mr. Kranti Sinha	-	1,000,000	-	180,000	65,000	32,500	-
Mr. Nilesh Vikamsey	-	1,500,000	-	180,000	65,000	32,500	-
Mr. A. K. Purwar	-	2,000,000	-	100,000	65,000	32,500	-
Mr. Sunil Kaul*	-	-	-	-	-	-	-
Mr. Chandran Ratnaswami**	-	-	-	-	-	-	-

*Note: Mr. Sunil Kaul was appointed as a Non-Executive Director of the Company with effect from November 05, 2011.

**Mr. Chandran Ratnaswami was appointed as Non-Executive Director of the Company with effect from May 15, 2012.

(d) Periodic review of compliances of all applicable laws

Your Company adopted a system whereby all the acts, rules and regulations applicable to your Company were identified and compliance with such acts, rules and regulations is monitored by dedicated team on a regular basis. Your Company obtains reports on compliance from all the heads of departments and business on a periodical basis, which is monitored through surprise inspections and internal audit. A consolidated compliance certificate along with the compliance in respect of various laws, rules and regulations applicable to your Company is placed before the Board on a quarterly basis and reviewed by the Board.

3. Audit Committee

The Audit Committee of your Company comprises two Independent Directors and one Executive Director. The Committee is chaired by an Independent Director, Mr. Nilesh Vikamsey, a qualified Chartered Accountant and diploma holder in information system audit. All the members of the Audit Committee are financially literate and possess thorough knowledge of the financial services industry.

The Audit Committee of the Company met four (4) times during the last financial year on May 06, 2011, July 29, 2011, November 05, 2011 and February 04, 2012. The gap between two Audit Committee Meetings was not more than four (4) months:

The constitution of the Audit Committee and attendance of each member of the committee is given below:

Name of the members	Designation	Non-Executive / Independent / Executive	Profession	No. of committee meetings held	Committee meeting attended
Mr. Nilesh Vikamsey	Chairman	Independent	Chartered Accountant	04	04
Mr. Kranti Sinha	Member	Independent	Corporate Consultant	04	04
Mr. R Venkataraman	Member	Executive Director	B.Tech and MBA	04	04



The scope of the Audit Committee includes the references made under Clause 49 of the Listing Agreements as well as Section 292A of the Companies Act, 1956, besides the other terms that may be referred by the Board of Directors. The Broad terms of reference of the Audit Committee are:

- To supervise the financial reporting process and all financial results
- Review statements and disclosures and recommend the same to the Board
- Review the adequacy of internal control systems of the Company, including the scope and performance of the internal audit function; review of related party transactions; reviewing with management performance of internal and statutory auditors and fixing their remuneration
- Holding discussions with statutory auditors on the nature and scope of audit, ensuring compliance with all the applicable accounting standards; Compliance with the listing and other legal requirements and the Company's financial and risk management policies
- Compliance with the statutory requirements

The minutes of the Audit Committee Meetings form part of the agenda papers circulated for the Board Meeting.

The Company Secretary of the Company acts as the Secretary to the Committee.

4. Compensation / Remuneration Committee

The Compensation / Remuneration Committee comprises three Independent Directors with Mr. Kranti Sinha as the Chairman of the Committee, Mr. Nilesh Vikamsey and Mr. A. K. Purwar as members of the Committee. The Compensation / Remuneration Committee reviews and makes recommendations on annual salaries, perquisites, performance linked bonus, stock options, pensions and other employment conditions of Executive and Non-Executive Directors and senior employees. The Committee conducts discussions with the HR department and lays down suitable remuneration policies for the employees.

The Compensation / Remuneration Committee also administer your Company's stock option plans. The stock options granted by the Committee are disclosed in detail in the Directors' Report.

5. Share Transfer and Investor Grievance Committee

The Share Transfer and Investor Grievance Committee comprises Mr. Kranti Sinha, Independent Director as the Chairman and Mr. Nirmal Jain and Mr. R. Venkataraman, Executive Directors as the Members. During 2011-12, the Company received 50 complaints from SEBI / Stock Exchanges / MCA / Investors. All complaints were redressed to the satisfaction of the shareholder. No complaints were pending either at beginning or at the end of the year. There were no shares pending for transfer as on March 31, 2012.

The name, designation and address of Compliance Officer of the Company is as under:

Name and designation:	Mr. Sunil Lotke, Company Secretary
Address:	IIFL Centre, Kamala City, Off. Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.
Contacts:	Tel: +91 22 4249 9000 Fax: +91 22 40609049 E-mail: shareholders@indiainfoline.com

6. Subsidiary companies

Your Company has one material non-listed Indian subsidiary whose turnover or net worth (paid-up capital and free reserves) exceeds 20% of the consolidated turnover or networth respectively, of the listed holding Company and its subsidiaries in the immediately preceding accounting year. Mr. Nilesh Vikamsey and Mr. A.K. Purwar, Independent Directors on the Board of your Company (holding Company) are also Directors on the Board of India Infoline Finance Limited (material non-listed Indian subsidiary). Mr A.K. Purwar, is the Non-Executive Chairman on the Board of India Infoline Finance Limited.

The financial statements including particulars of investments made by all the unlisted subsidiary companies are reviewed by the Audit Committee.

Your Company has a system of placing the minutes and statements of all the significant transactions of all the unlisted subsidiary companies at the Meeting of Board of Directors.

7. Disclosures

(a) Basis of related party transactions

The statement of transactions with the related parties, if any, is duly placed before the Audit Committee on a quarterly basis. During 2011-12, there were no materially significant related party transactions entered into by your Company with its Promoters and Directors or Management or their relatives, among others, that may conflict with the Company's interests. All the transactions are on arms' length basis and in the normal course of business.

The related party transactions are disclosed under Note No. 37 forming part of the Annual Accounts.

(b) Disclosure of accounting treatment

There was no deviation in following the treatments prescribed in any Accounting Standard (AS) in the preparation of the financial statements of your Company.

(c) Disclosure on risk management

The internal auditors and statutory auditors test and ensure that your Company has adequate systems of internal control to ensure reliability of financial and operational information. Your Company adheres to strict policies to ensure compliance with all the regulatory / statutory requirements. The procedures and policies for risk assessment and minimisation are regularly reviewed by the Board.

The management understands that the information is the prime business asset and has therefore laid down strict policies and procedure to safeguard your Company's information. The InfoSec policy of your Company is uploaded on its intranet for all employees to adhere to.

(d) Proceeds from public issues, right issues and preferential issue, among others.

Your Company did not raise money through any public issue, right issue or preferential issue during the FY 2011-12.

(e) Compensation paid to Non-Executive Directors

The Independent Directors are paid ₹ 20,000 (Rupees Twenty Thousand) each towards sitting fees for attending the Board Meeting in accordance with the resolution passed in the Meeting of Board of Directors on February 11, 2005 and ₹ 20,000 (Rupees Twenty Thousand) each towards sitting fees for attending the Audit Committee Meetings and ₹ 10,000 (Rupees Ten Thousand) each towards attending other

committee meetings, in accordance with the resolution passed in the Meeting of Board of Directors on March 21, 2005.

The Independent Directors are paid commission of a sum not exceeding ₹ 5,000,000 (Rupees five million only) per annum in aggregate, subject to a maximum ceiling of 1% of the net profits of the Company computed under the applicable provisions of the Companies Act, 1956, and approved by the shareholders at the Annual General Meeting held on July 29, 2011. The payment of commission is decided based on the contribution made by the non Wholetime Directors and time spent on the Company affairs.

During 2011-12, no Employee Stock Options were granted to Independent Directors.

(f) Details of non-compliance

No strictures / penalties were imposed on your Company by stock exchanges or the Securities and Exchange Board of India or any statutory authority on any matter related to the capital markets during the current year.

(g) Whistle Blower Policy

The Company has adopted a Whistle Blower Policy and has established the necessary mechanism for employees to report concerns about unethical behaviour. No person has been denied access to the Audit Committee.

(h) Code of Conduct

The Board of Directors adopted the Code of Conduct for Board Members and senior management personnel. The said Code was communicated to the Directors and members of the senior management and they affirmed their compliance with the said Code. The Code adopted is posted on the Company's website www.indiaonline.com.

Code of Conduct and Corporate Disclosure Practices for Prevention of Insider Trading:

Your Company adopted the Code of Conduct and Corporate Disclosure Practices for prevention of Insider Trading for monitoring adherence to the rules for the preservation of price sensitive information, pre clearance and monitoring of trade. Your Company appointed the Company Secretary as the compliance officer to ensure compliance of the said Code by all the Directors, senior management personnel and employees likely to have access to price sensitive information.



(i) Details of compliance with mandatory requirements and adoption of non-mandatory requirements of Clause 49 of the Listing Agreement

Your Company duly complied with all the mandatory requirements of Clause 49 of the Listing Agreement. Besides complying with all the mandatory requirements of Clause 49, we also have a Remuneration Committee of the Board (known as Compensation / Remuneration Committee).

(j) CEO / CFO Certificate

The Certificate required under Clause 49(V) of the Listing Agreement duly signed by the CEO and CFO was given to the Board and the same is annexed to this Report.

(k) Means of communication to the stakeholders

The primary source of information to the shareholders,

customers, analysts and other stakeholders of your Company and to public at large is through the website of your Company www.indiainfoline.com. The Annual Report, quarterly results, shareholding pattern and material events copies of press releases, among others, are regularly sent to stock exchanges and uploaded on the Company's website. Quarterly / annual financial results are regularly submitted to the stock exchanges in accordance with the Listing Agreement entered with the stock exchanges.

The quarterly and annual results of your Company are published in widely circulated national newspapers like Economic Times and Maharashtra Times (Marathi). Your Company also regularly makes presentation to the analyst in their meetings held from time to time, transcripts of which are uploaded on your Company's website.

8. General body meeting

The following table gives the details of the last three Annual General Meetings of the Company:

Date of AGM	Location	No. of special resolutions passed
July 29, 2011	Hall of Harmony, Nehru Center, Dr. Annie Besant Road, Worli, Mumbai – 400018	2
July 30, 2010	Hall of Harmony, Nehru Center, Dr. Annie Besant Road, Worli, Mumbai – 400018	1
July 17, 2009	Building No.35, A, Nirlon Complex, Off. Western Express Highway, Goregaon (E), Mumbai - 400063	None

The special resolution was passed on show of hands.

Postal Ballot

The Company had successfully completed the process of obtaining the approval of its members vide Postal Ballot for increasing the limits for loans / investments / corporate guarantees under Section 372A of the Companies Act, 1956.

Mr. Nimish Mehta, Practicing Company Secretary, was appointed as the Scrutinizer for the Postal Ballot, who had carried out the Postal Ballot process in a fair and transparent manner.

Voting Pattern and Procedure for Postal Ballot:

The Board of Directors of the Company had vide its Board Circular dated May 7, 2011 appointed Mr. Nimish Mehta, Practicing Company Secretary, as the Scrutinizer for conducting the postal ballot voting process for the aforementioned resolutions respectively.

The postal ballot forms had been kept under his safe custody in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms.

All postal ballot forms received / receivable up to 3:00 p.m. on July 1, 2011, being the last date and time fixed by the Company for receipt of the forms, had been considered by him in his scrutiny for both the Postal Ballot.

The results of the Postal Ballot were announced on July 4, 2011, at the Registered Office of the Company as per the Scrutinizer's Report is as under:

Sr. No.	Particulars	No. of Postal Ballot Forms	No. of Shares
a.	Postal Ballot Forms received	1,046	111,716,225
b.	Less: Votes not exercised		550
c.	Less: Invalid Postal Ballot Forms	139	6,342,141
d.	Net Valid Postal Ballot Forms of which:	907	105,373,534
	i. Postal Ballot Form with assent for the Resolution	819	105,338,337
	% to assent		99.97%
	ii. Postal Ballot Form with dissent for the Resolution	88	35,197
	% of dissent		0.03%

Accordingly, the Special Resolution set out in the Notice dated May 7, 2011 was duly approved by the requisite majority of the Members.

9. General shareholders' information

1.	Annual General Meeting	:	Friday, August 10, 2012 at 4.00 p.m. at Royal, Sunville Banquet, 9 Dr. Annie Besant Road, Worli, Mumbai - 400 018
2.	Financial calendar (2012-2013)	:	Financial Year April 1, 2012 to March 31, 2013. Results for the quarter ended June 30, 2012 – within 45 days from the end of the quarter Results for the quarter ended September 30, 2012 – within 45 days from the end of the quarter Results for the quarter ended December 31, 2012 – within 45 days from the end of the quarter Results for the quarter ended March 31, 2013 – within 60 days from the end of the quarter
3.	Book closure date	:	August 3, 2012 to August 10, 2012 (both days inclusive)
4.	Interim dividend	:	During 2011-12, your Company declared interim dividend of ₹ 1.50 per share. The payment date for the same was May 23, 2012
5.	Listing of equity shares on stock exchanges at	:	National Stock Exchange of India Limited The Bombay Stock Exchange Limited
6.	Stock code	:	National Stock Exchange of India Limited - INDIAINFO The Bombay Stock Exchange Limited - 532636
7.	Demat ISIN numbers in NSDL and CDSL for equity shares	:	ISIN No. INE530B01024
8.	Registrar & Transfer Agent	:	Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai – 400 078. Tel: 022-25963838, rnt.helpdesk@linkintime.co.in
9.	Share transfer system	:	Your Company's shares are compulsorily traded in dematerialised form. In the case of transfers in physical form, which are lodged at the Registrar and Transfer Agent's Office, these are processed within a period of 30 days from the date of receipt. All share transfers and other share related issues are approved in the Share Transfer and Investor Grievance Committee Meeting, which is normally convened as and when required.



10	Dematerialisation of shares	:	As on March 31, 2012, 99.87% of the paid-up share capital of the Company was in dematerialised form. Trading in equity shares of the Company is permitted only in dematerialised form through CDSL and NSDL as per notifications issued by the Securities and Exchange Board of India.
11	Correspondence for dematerialisation, transfer of shares, non –receipt of dividend on shares and any other query relating to the shares of the Company	:	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai – 400 078. Tel: +91 22 2596 3838
12	Any query on Annual Report contact at corporate office	:	Mr. Sunil Lotke, Company Secretary and Compliance Officer, IIFL Centre, Kamala City, Off Senapati Bapat Marg, Lower Parel, Mumbai – 400013 shareholders@indiainfoline.com
13	Outstanding convertible instruments, conversion date and likely impact on equity	:	The Company has outstanding unexercised ESOPs (vested or Not vested) of 39,028,435 stock options under its ESOP plan, 2005, 2007 and 2008 which may be exercised by the grantees after its vesting in tranches. Each option granted is convertible into one equity share of the Company. Upon exercise of options by grantees, the paid-up share capital of the Company will accordingly increase.

10. Shareholding pattern

Categories of equity shareholders as on March 31, 2012:

Category	Number of equity shares held	Percentage of holding
Promoters & Promoters Group	91,362,510	31.61
Indian Public & others	36,330,132	12.57
Mutual Fund	10,320,500	3.57
Corporate Bodies	5,911,362	2.04
Banks, Financial Institutions	2,158,500	0.74
Foreign Institutional Investors	115,161,423	39.86
NRI's / OCBs / Foreign Nationals	27,779,776	9.61
Grand Total	289,024,203	100.00

11. Distribution of shareholding as on March 31, 2012

The distribution of shareholders as on March 31, 2012 is as follows:

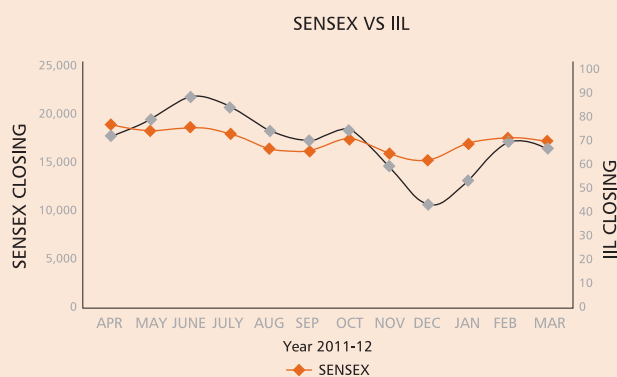
No. of equity shares held (range)	No. of shareholders	% of shareholders	No. of shares	% of share holdings
1 – 1,000	35,102	87.82	4,339,946	1.50
1,001 – 2,000	2,478	6.20	1,938,861	0.67
2,001 – 4,000	1,011	2.52	1,494,712	0.52
4,001 - 6,000	381	0.95	961,659	0.33
6,001 - 8,000	187	0.47	673,028	0.23
8,001 - 10,000	151	0.38	715,089	0.25
10,001 – 200,000	273	0.63	2,062,880	0.71
200,001 and more	386	0.96	276,838,028	95.79
Total	39,969	100.00	289,024,203	100.00

12. Stock market data

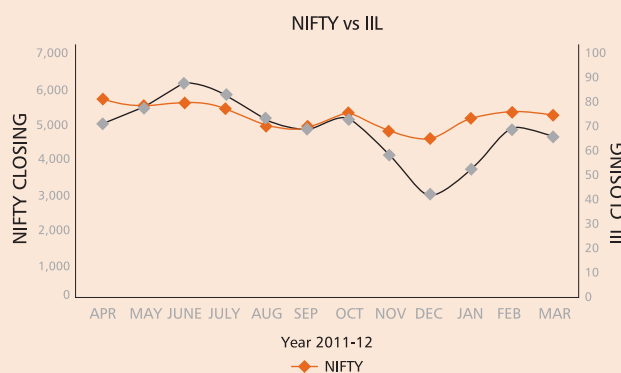
The table below gives the monthly high and low quotations of shares traded at Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for the current year. The chart below plots the monthly closing price of India Infoline Limited versus the BSE - Sensex and NSE - S&P CNX Nifty for the year ended March 31, 2012.

Month	BSE			NSE			Total volume on BSE and NSE
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume	
Apr-11	84.00	70.90	2,048,515	83.90	70.75	11,954,323	14,002,838
May-11	80.30	66.70	5,559,249	80.40	66.70	16,313,217	21,872,466
Jun-11	91.20	74.00	7,406,521	91.20	73.20	25,163,368	32,569,889
Jul-11	90.75	79.65	1,190,763	90.75	79.65	9,762,880	10,953,643
Aug-11	83.00	66.50	2,394,961	83.25	66.30	11,708,566	14,103,527
Sep-11	78.70	67.90	3,256,252	78.80	67.20	14,833,411	18,089,663
Oct-11	77.85	67.00	1,996,690	78.00	65.80	5,516,130	7,512,820
Nov-11	74.00	53.50	1,339,032	74.10	53.20	10,257,750	11,596,782
Dec-11	62.35	42.90	712,507	62.70	42.70	6,718,776	7,431,283
Jan-12	58.00	42.80	1,576,834	57.95	42.90	5,193,006	6,769,840
Feb-12	78.40	53.60	10,194,118	84.95	53.25	30,219,513	40,413,631
Mar-12	78.00	60.50	5,796,082	77.80	60.00	16,233,301	22,029,383

India Infoline Limited share price versus the BSE Sensex



India Infoline Limited share price versus the NSE S&P CNX Nifty





Annexure

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

We, Nirmal Jain, Chairman and L P Aggarwal, Chief Financial Officer of your Company, to the best of our knowledge and belief, certify that:

(a) We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

(c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit Committee

- (i) Significant changes in internal control during the year;
- (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control.

Nirmal Jain
Chairman

L P Aggarwal
Chief Financial Officer

Place: Mumbai

Date: May 15, 2012

Annexure

Declaration on Compliance with the Code of Conduct

This is to confirm that the Company adopted a Code of Conduct for its board members and the senior management and the same is available on the Company's website. I confirm that the Company has in respect of financial year ended March 31, 2012, received from the senior management team of the Company and the Members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, the term 'senior management' means the direct reportees to the Chairman and Managing Director.

For India Infoline Limited

Place: Mumbai
Date: May 15, 2012

Nirmal Jain
Chairman

Auditor's Certificate on Compliance of conditions of Corporate Governance

To the members of
India Infoline Limited

We have examined the compliance of conditions of Corporate Governance by your Company, for the financial year ended March 31, 2012 as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respect with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sharp & Tannan Associates
Chartered Accountants
By the hand of

Tirtharaj Khot
Partner

Place: Mumbai
Date: May 15, 2012

Membership No.: 37457



Auditors' Report

To the members of
India Infoline Limited

We have audited the attached Balance Sheet of India Infoline Limited as at 31st March, 2012, and the statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with the provisions of Section 227 of the Companies Act, 1956, we report that:

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India under sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books;
 - iii) The balance sheet, statement of profit and loss and also

cash flow statement dealt with by this report are in agreement with the books of account;

- iv) In our opinion, the balance sheet, statement of profit and loss and also cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; and
- v) On the basis of written representations received by the Company from its Directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st March, 2012 from being appointed as a Director in terms of the clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the significant accounting policies and notes appearing thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. In the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2012;
- b. In the case of the statement of profit and loss, of the profit for the year ended on that date; and
- c. In the case of the cash flow statement, of the cash flows for the year ended on that date.

Sharp & Tannan Associates
Chartered Accountants
ICAI Registration No.109983W
By the hand of

Tirtharaj Khot
Partner

Place: Mumbai
Date: May 15, 2012

Membership No.: (F) 037457

Annexure to Auditors' Report

Annexure referred to in paragraph 1 of our report dated 15th May, 2012, to the members of India Infoline Limited.

1. (a) The Company has maintained adequate records to show full particulars, including quantitative details and situation of the fixed assets. However updation for the current year transactions is in progress.
(b) The Company has formulated a programme of physical verification of its fixed assets in a phased manner. In accordance with this program, a physical verification of certain fixed assets has been carried out by management during the year and there are no material discrepancies observed between assets physically verified and book balances. In our opinion, the periodicity of verification is reasonable having regard to the size of the company and the nature of its assets.
(c) The Company has not disposed of any substantial part of its fixed assets so as to affect its going concern status.
2. The Company is not carrying on any manufacturing or trading activity. Therefore, the provisions of sub clause (a), (b), and (c), of clause (ii) of paragraph 4 of the Order are not applicable to the Company.
3. (a) The Company has granted loan to one company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 736,788,293/- and the year end balance of loans granted to such company was ₹ 52,431,868/-.
(b) The rate of Interest on loan given is, in our opinion, not prima facie prejudicial to the interest of the company. There are no other terms and conditions prescribed.
(c) There are no stipulations as to repayment of principal and interest amounts.
(d) There is no overdue amount in excess of ₹1 lakh in respect of loan granted to Companies listed in the register maintained under Section 301 of the Companies Act, 1956 since repayment schedule is not stipulated.
(e) The company has taken loan from two companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 1,182,959,424/- and the year end balance of the loan taken was NIL.
(f) The rate of Interest on loan taken is, in our opinion, not prima facie prejudicial to the interest of the company. There are no other terms and conditions prescribed.
(g) There are no stipulations as to repayment of principal and interest amounts.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and nature of its business, for the purchase of fixed assets and sale of services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control systems.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered into a Register in pursuance of Section 301 of the Companies Act, 1956 and those brought to our notice, have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year, have been made at prices which are not comparable since the prevailing market prices of such services, in view of the management, are not readily available.
6. The Company has not accepted any deposits from the public of the nature, which attracts the provisions of Section 58A, 58AA or any other relevant provision of the Companies Act, 1956 and the rules made there under. Therefore, the provision of clause (vi) of paragraph 4 of the Order is not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. As per the information and explanations given to us, in respect of the class of industry the company falls under, the maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956. Therefore, the provision of clause (viii) of paragraph 4 of the Order is not applicable to the Company.
9. (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues as and wherever applicable to the Company, with the appropriate authorities. Based on the information furnished to us, there are no undisputed statutory dues as on 31st March 2012, which are outstanding for a period exceeding six months from the date they became payable, except professional tax amounting to ₹ 3,667,360/- which has remained



outstanding for a period exceeding six months, pending due to complexities in registration of numerous branch offices according to respective state / union territory laws.

- (b) According to the information and explanations given to us and records of the company examined by us, the particulars of sales tax / excise duty / service tax / income tax / custom duty / wealth tax / cess as at 31st March, 2012 which have not been deposited on account of a dispute pending, and amount involved and the forum where dispute is pending is as under;

Name of the Statute	Nature of the disputed dues	Amount of Tax (₹)	Period to which the amount relates	Forum where dispute is pending
MVAT Act, 2002	Delay in filing VAT Audit Report for the period 2007-2008	563,342	F.Y. 2007-2008	Jt. Comm. Of Sales Tax
Income Tax Act, 1961	Penalty Proceeding U/S 271(1)(c)	106,680	A.Y.2004-2005	CIT (Appeals) of Income Tax
Income Tax Act, 1961	Disallowance of Expenses U/S 14 A	607,817	A.Y.2006-2007	CIT (Appeals) of Income Tax
Income Tax Act, 1961	Disallowance of Depreciation, Disallowance U/S 14A and Disallowance of Expenses	7,025,888	A.Y.2007-2008	Assessing Officer
Income Tax Act, 1961	Disallowance of Expenses U/S 14 A and Esop Expenses	44,378,710	A.Y.2008-2009	CIT (Appeals) of Income Tax

- | | |
|--|--|
| <p>10. At the end of the financial year, the Company has neither accumulated losses nor has incurred any cash loss during the financial year and in the immediately preceding financial year.</p> <p>11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of its dues to its financial institutions, banks and debenture holders.</p> <p>12. According to the information and explanations given to us, since the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, in our opinion, the company need not maintain relevant documents and records.</p> <p>13. The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of sub clause (a), (b), (c) and (d) of clause (xiii) of paragraph 4 of the Order are not applicable to the company.</p> <p>14. Based on our examination of the records and evaluation of the related internal controls, the company has maintained proper records of transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments, as applicable, and timely entries have been made therein. The aforesaid shares, securities, debentures and other investments have been held by the Company in its own name, except to the extent of the exemption granted under Section 49 of the Companies Act, 1956.</p> <p>15. The Company has granted Corporate Guarantees to Banks / Financial Institutions in respect of loans availed by its subsidiary companies. Based on the information and explanations given to us, we are of the opinion that the terms and conditions on which the guarantees are given are prima facie, not prejudicial to the interest of the company.</p> | <p>16. According to the records verified by us, and based on information and explanations given to us, the term loans have been applied for which they were raised.</p> <p>17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investments.</p> <p>18. The Company has not made preferential allotment of shares to parties and companies including those, covered in the Register maintained under section 301 of the Companies Act, 1956.</p> <p>19. The Company has not issued any debentures during the year. Therefore, the provision of clause (xix) of the paragraph 4 of the Order is not applicable to the company.</p> <p>20. The Company has not raised any money through a public issue during the year.</p> <p>21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of material fraud on or by the company, noticed or reported during the year nor have we been informed of such case by management.</p> |
|--|--|

Sharp & Tannan Associates
Chartered Accountants
 ICAI Registration No.109983W
 By the hand of

Tirtharaj Khot
Partner

Place: Mumbai
 Date: May 15, 2012

Membership No.: (F) 037457

Standalone Balance Sheet as at March 31, 2012

(Amount in ₹)

Particulars	Note No.	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
a) Share Capital	3	578,048,406	572,821,646
b) Reserves and Surplus	4	12,194,801,370	10,313,594,370
Sub total		12,772,849,776	10,886,416,016
Share application money pending allotment	39	–	3,278,880
Non Current Liabilities			
a) Other long-term liabilities	5	3,936,000	2,536,000
Sub total		3,936,000	2,536,000
Current Liabilities			
a) Short-term borrowings	6	168,004,696	4,655,581,724
b) Trade payables	7	7,212,170,622	8,775,941,843
c) Other current liabilities	8	2,256,550,767	699,565,028
d) Short-term provisions	9	39,180,224	4,088,047
Sub total		9,675,906,309	14,135,176,642
Total		22,452,692,085	25,027,407,538
ASSETS			
Non-current assets			
a) Fixed assets	10		
i) Tangible assets		256,765,680	375,754,808
ii) Intangible assets		4,347,920	15,074,819
iii) Capital work-in-progress		1,057,187	9,246,991
Sub total		262,170,787	400,076,618
b) Non-current investments	11	12,082,559,007	8,990,417,371
c) Deferred tax assets (Net)	33	198,108,375	107,311,749
d) Long-term loans & advances	12	1,130,203,785	980,954,752
Sub total		13,410,871,167	10,078,683,872
Current assets			
a) Current investments	13	10,000,000	1,010,500,055
b) Inventories	14	395,383,933	532,211,577
c) Trade receivables	15	2,529,028,702	4,234,616,476
d) Cash and Bank balances	16	4,578,157,618	6,267,858,307
e) Short-term loans & advances	17	99,183,340	713,591,594
f) Other current assets	18	1,167,896,538	1,789,869,039
Sub total		8,779,650,131	14,548,647,048
Total		22,452,692,085	25,027,407,538
See accompanying notes forming part of the Financial Statements	1-40		

As per our attached report of even date

For Sharp & Tannan Associates

Chartered Accountants

ICAI Registration No. 109983W

By the hand of

Tirtharaj Khot

Partner

Membership No (F) 037457

Place : Mumbai

Dated: May 15, 2012

For and on behalf of the Board of Directors

Nirmal Jain

Chairman

R.Venkataraman

Managing Director

L P Aggarwal

Chief Financial Officer

Sunil Lotke

Company Secretary



Standalone Statement of Profit and Loss for the year ended March 31, 2012

(Amount in ₹)

Particulars	Note No.	2011-2012	2010-2011
INCOME			
Revenue from operations	19	5,485,478,459	6,803,968,518
Other Income	20	760,868,834	1,191,576,255
Total Revenue		6,246,347,293	7,995,544,773
EXPENDITURE			
Employee benefits expense	21	2,070,731,566	1,892,411,217
Finance cost	22	378,557,511	861,550,860
Depreciation and amortisation expense	23	314,412,688	240,761,354
Other expenses	24	2,879,027,605	3,268,192,780
Total expenditure		5,642,729,370	6,262,916,211
Profit before exceptional items		603,617,923	1,732,628,562
Exceptional items	27	143,604,348	–
Profit before tax		747,222,271	1,732,628,562
Tax expenses			
Current tax expense for current year		142,694,418	512,289,453
Deferred tax		(29,103,882)	(10,915,126)
Current tax expense for previous year		666,498	7,635,689
Total Tax expenses		114,257,034	509,010,016
Profit (loss) for the year		632,965,237	1,223,618,546
Earnings per equity share (Face Value ₹ 2)	25		
Basic		2.19	4.25
Diluted		1.95	3.74
See accompanying notes forming part of the Financial Statements	1 - 40		

As per our attached report of even date

For Sharp & Tannan Associates

Chartered Accountants

ICAI Registration No. 109983W

By the hand of

Tirtharaj Khot

Partner

Membership No (F) 037457

Place : Mumbai

Dated: May 15, 2012

For and on behalf of the Board of Directors

Nirmal Jain

Chairman

R.Venkataraman

Managing Director

L P Aggarwal

Chief Financial Officer

Sunil Lotke

Company Secretary

Cash Flow Statement for the year ended March 31, 2012

(Amount in ₹)

Particulars	As at March 31, 2012		As at March 31, 2011	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit before taxation and extraordinary item		747,222,271		1,732,628,562
Adjustments for:				
Depreciation & Amortisation	314,412,688		240,761,354	
Provisions for Gratuity	17,728,704		22,059,660	
Dividend Income	36,838,728		158,066,959	
Provisions for Leave Encashment	47,546,966		(1,492,480)	
Deferred Employee Compensation	3,481,224		7,123,578	
Provision for Doubtful Debts	6,165,340		3,500,100	
Loss / (Profit) on Sale of Investments	(176,591,625)		(150,992,725)	
Interest expense	378,557,511	628,139,535	858,973,549	1,137,999,994
Operating profit before working capital changes		1,375,361,806		2,870,628,556
Increase / (Decrease) in Trade Payable	(1,563,771,221)		(1,013,235,284)	
Increase / (Decrease) in Other long-term liabilities	1,400,000		(72,540,387)	
Increase / (Decrease) in Other current liabilities	1,556,985,739		371,614,541	
(Increase) / Decrease in Trade Receivable	1,699,422,435		2,876,918,649	
(Increase) / Decrease in Short term Loan & Advances	614,408,254		1,169,812,691	
(Increase) / Decrease in Long term Loan & Advances	141,571,710		(1,638,828,864)	
(Increase) / Decrease in Other current assets	621,972,501		(1,522,103,971)	
(Increase) / Decrease in Trade inventories	136,827,644	3,208,817,063	(5,378,685)	166,258,691
Cash generated from operations		4,584,178,869		3,036,887,247
Tax (Paid) / Refund		(290,820,743)		(677,241,186)
Net cash from operating activities		4,293,358,127		2,359,646,061
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase / Sale of fixed assets (includes intangible assets) (Net)		(184,760,432)		(141,317,147)
(Investment) / Sale in subsidiaries (Net)		(1,310,021,639)		(337,407,589)
Dividend Income		(36,838,728)		(158,066,959)
Purchases of non current investment		(187,500,000)		262,098,509
Proceeds from current investment		1,000,500,055		1,267,628,490
Net cash from investing activities		(718,620,743)		892,935,303



Cash Flow Statement for the year ended March 31, 2012

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	105,663,877	604,604,940
Buy back of equity shares	–	(1,039,972,274)
Repayment of short term borrowings	(4,487,577,028)	(321,920,245)
Interest paid	(378,557,511)	(858,973,549)
Dividend Paid (including dividend distribution tax)	(503,967,410)	(986,826,279)
Net cash used in financing activities	(5,264,438,072)	(2,603,087,407)
Net increase in Cash and Bank Balances	(1,689,700,689)	649,493,958
Cash and Bank Balances at beginning of period	6,267,858,307	5,618,364,349
Cash and Bank Balances at end of period (Refer Note no. 16)	4,578,157,618	6,267,858,307
Net Increase / Decrease in Cash and Bank Balances	(1,689,700,689)	649,493,958

- Cash flow statement has been prepared under the Indirect Method as set out in the Accounting Standard (AS-3) "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
- Previous year's figures are re-grouped / re-arranged wherever considered necessary.

As per our attached report of even date

For Sharp & Tannan Associates

Chartered Accountants

ICAI Registration No. 109983W

By the hand of

For and on behalf of the Board of Directors

Tirtharaj Khot

Partner

Membership No (F) 037457

Nirmal Jain

Chairman

R.Venkataraman

Managing Director

Place : Mumbai

Dated: May 15, 2012

L P Aggarwal

Chief Financial Officer

Sunil Lotke

Company Secretary

Standalone Financial Statements of India Infoline Limited

NOTES

Note: 1. CORPORATE INFORMATION:

India Infoline Limited was incorporated on October 18, 1995 and commenced its operations as an independent provider of information, analysis and research covering Indian businesses, financial markets and economy, to institutional clients. Over a period, India Infoline Ltd expanded its service offerings in the financial services space offering equity / currency broking in NSE / BSE and MCX-SX, depository participant services, merchant banking, portfolio management services and distribution of mutual fund, bonds etc. India Infoline Ltd is registered with SEBI for the above services. The Company is one of the leading players in the Indian financial services space. It operates through a network of over 3,000 business locations spread over more than 500 cities and towns across India. During the year under review, India Infoline Marketing Services Limited a wholly owned subsidiary, merged with the Company pursuant to order issued by Hon'ble High Court at the judicature of Bombay.

Note: 2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting and preparation of financial statements

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with all material aspects of the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year by the Company.

2.2 Presentation and disclosure of financial statements

During the year ended March 31, 2012, the Revised Schedule VI, notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. Pursuant to applicability of Revised Schedule VI on presentation of financial statements for the financial year ended March 31, 2012, the Company has classified all its assets / liabilities into current / non-current portion based on the time frame of twelve months from the date of financial statements. Accordingly, assets / liabilities expected to be realised / settled within twelve months from the date of financial statements, are classified as current and other assets / liabilities are classified as non-current. Except accounting for dividend on investments in subsidiary companies, the adopted Revised Schedule VI does not impact recognition and measurement principle followed for preparation of financial statements. However it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

2.3 Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

2.4 Fixed Assets and Depreciation and Amortization

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment loss, if any thereon. Depreciation is charged using the straight line method based on the useful life of fixed assets as estimated by the management as specified below, or the rates specified in accordance with the provision of schedule XIV of the Companies Act, 1956, whichever is higher. In case of transfer of used fixed assets from Group Companies, depreciation is charged over the remaining useful life of the asset.

Depreciation is charged from the month in which new assets are put to use. No depreciation is charged for the month in which assets are sold / transferred.

Individual assets / group of similar assets costing up to ₹ 5,000 has been depreciated in full in the year of purchase.

Estimated useful life of the assets is as under:

Class of assets	Useful life in years
Buildings	20
Computers	3
Electrical & office equipment	5
Furniture and fixtures	5
Vehicles	5
Software	3



Standalone Financial Statements of India Infoline Limited

NOTES

2.5 Translation of foreign currency items:

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Exchange difference, if any, arising out of transactions settled during the year are recognized in the statement of Profit and Loss. Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the Balance Sheet date. The exchange gains or losses, if any, are recognized in the statement of Profit and Loss and related assets and liabilities are accordingly restated in the Balance Sheet.

2.6 Revenue Recognition:

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

- a) Brokerage income earned on secondary market operations are accounted on trade dates.
- b) Income related to depository and investment banking activities are accounted on accrual basis.
- c) Income from arbitrage comprises profit / loss on sale of securities held as stock-in-trade and profit / loss on equity derivative instruments is accounted as per following;
 - i) Profit / loss on sale of securities is determined based on the FIFO cost of the securities sold.
 - ii) Profit / loss on arbitrage transactions is accounted for as explained below:

Initial and additional margin paid over and above initial margin for entering into contracts for Equity Index / Stock Futures / Currency Futures and or Equity Index / Stock Options / Currency Options, which are released on final settlement / squaring-up of underlying contracts are disclosed under "Other current assets". Mark-to-market margin-Equity Index / Stock Futures / Currency Futures representing the amounts paid in respect of mark to market margin is disclosed under "Other current assets".

"Equity Index / Stock Option / Currency Option Premium Account" represents premium paid or received for buying or selling the Options, respectively.

On final settlement or squaring up of contracts for Equity Index / Stock Futures / Currency Future, the realized profit or loss after adjusting the unrealized loss already accounted, if any, is recognized in the Statement of Profit and Loss. On settlement or squaring up of Equity Index / Stock Options / Currency Option, before expiry, the premium prevailing in "Equity Index / Stock Option / Currency Option Premium Account" on that date is recognized in the Statement of Profit and Loss.

As at the Balance Sheet date, the Mark to Market / Unrealised Profit / (Loss) on all outstanding arbitrage portfolio comprising of Securities and Equity / Currency Derivatives positions is determined on scrip basis (e.g. Nifty, SBI, HDFC) with net unrealized losses on scrip basis being recognized in the Statement of Profit and Loss and the net unrealized gains on scrip basis are ignored.

2.7 Other Income Recognition:

- a) Interest Income is recognized on accrual basis. Interest income is included under the head "Other income" in the Statement of Profit and Loss.
- b) Dividend income is recognized when the right to receive payment is established on Balance Sheet date.

2.8 Employee Benefits:

The Company's contribution towards Provident Fund and Family Pension Fund, which are defined contribution, are accounted for on an accrual basis and recognised in the Statement of Profit & Loss.

The Company has provided "Compensated Absences" on the basis of actuarial valuation.

Gratuity is post employment benefit and is in the nature of defined benefit plan. The Liability recognized in the Balance Sheet in respect of gratuity is the present value of defined benefit obligation at the Balance Sheet date together with the adjustments for unrecognized actuarial gain or losses and the past service costs. The defined benefit obligation is calculated at or near the Balance Sheet date by an independent actuary using the projected unit credit method.

2.9 Deferred Employee Stock Compensation:

The stock options granted by the Company are accounted for as per the accounting treatment prescribed by SEBI (Employee Stock Option Scheme and Employee Stock Purchase) Guidelines, 1999 and the guidance note on Accounting for Stock Options issued by The Institute of Chartered Accountant of India, whereby the intrinsic value of the options are recognised as deferred employee compensation. The deferred employee compensation is charged to the Statement of Profit and Loss on a straight line basis over the

Standalone Financial Statements of India Infoline Limited

NOTES

vesting period of the options. The Employee Stock Options Outstanding Account, net of unamortised Deferred Employee Compensation is shown separately as part of Reserves and Surplus.

2.10 Provisions, Contingent Liabilities and Contingent Assets:

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent Assets are neither recognized nor disclosed in the financial statements.

2.11 Taxes on Income:

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Provision for current tax is computed based on estimated tax liability computed after adjusting for allowance, disallowance and exemptions in accordance with the applicable tax laws.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rate and the tax laws enacted or substantively enacted at the Balance Sheet date. The deferred tax asset is recognised or unrecognised, to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. At each reporting date, the Company re-assesses unrecognized deferred tax assets. Deferred tax liability is recognised as and when arisen.

2.12 Operating Leases:

Lease rentals in respect of operating lease arrangements are charged to the Statement of Profit & Loss in accordance with Accounting Standard 19 – Leases, issued by the Institute of Chartered Accountants of India.

2.13 Investments:

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other Investments are classified as non – current investments. Current investments are stated at lower of cost or fair value. Non – current investments are carried at cost. Provision for diminution in value of non – current investments is made, if in the opinion of the management such diminution is other than temporary. For investment in mutual funds, the net assets value (NAV) declared by the mutual funds at the Balance Sheet date is considered as the fair value.

2.14 Inventories:

Closing stock is valued at cost or market value whichever is lower. Cost is computed on FIFO basis. The comparison of cost and market value for arbitrage portfolio is done separately for each scrip.



Standalone Financial Statements of India Infoline Limited

NOTES

Note: 3. SHARE CAPITAL

a. The Authorised, Issued, Subscribed and fully paid up share capital comprises of equity shares as follows: (Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Authorised :		
600,000,000 (Previous Year - 500,000,000) Equity Shares of ₹ 2 each*	1,200,000,000	1,000,000,000
Issued, Subscribed and Paid Up :		
289,024,203 (Previous Year - 286,410,823) Equity Shares of ₹ 2 each fully paid up	578,048,406	572,821,646
Total	578,048,406	572,821,646

*Increase in the Authorised share capital is pursuant to merger of India Infoline Marketing Services Limited ("IIMSL"), a wholly owned subsidiary, with the Company with effect from April 1, 2011. The merger was sanctioned by the Hon'ble High Court of Judicature at Bombay vide its order dated April 27, 2012. The appointed date for the merger was April 1, 2011.

b. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2012		As at March 31, 2011	
	No. of shares	Amount in ₹	No. of shares	Amount in ₹
At the beginning of the Period	286,410,823	572,821,646	285,214,775	570,429,550
Add:- Issued during the period on exercise of ESOPs	2,613,380	5,226,760	14,194,925	28,389,850
Less:- Equity Shares bought back	-	-	12,998,877	25,997,754
Outstanding at the end of the year	289,024,203	578,048,406	286,410,823	572,821,646

c. Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

During the year ended March 31, 2012, the amount of per share dividend recognised as distribution to equity shareholders was ₹ 1.50 (Previous Year ₹ 3.00)

d. Detail of shareholders holding more than 5% shares in the Company:

Particulars	As at March 31, 2012		As at March 31, 2011	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of ₹ 2 each fully paid				
Nirmal Bhanwarlal Jain	51,200,000	17.71	51,200,000	17.88
Venkataraman Rajamani	19,862,510	6.87	19,862,510	6.93
Madhu N Jain	16,600,000	5.74	16,600,000	5.80
Carlyle Mauritius Investment Advisors Ltd.	28,761,409	9.95	-	-
A/C Carlyle Mauritius III				
HWIC Asia Fund Class A Shares	27,910,000	9.66	27,910,000	9.74
Deutsche Securities Mauritius Limited	24,552,574	8.50	-	-

e. Aggregate number of bonus shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

Particulars	March 31, 2012 No. of shares	March 31, 2011 No. of shares	March 31, 2010 No. of shares	March 31, 2009 No. of shares	March 31, 2008 No. of shares
Equity shares bought back by the Company	-	12,998,877	-	2,557,915	-

f. Shares reserved for issue under options:

For details of shares reserved for issue under the Employee Stock Option (ESOP) plan of the Company, please refer note 32.

Standalone Financial Statements of India Infoline Limited

NOTES

Note: 4. RESERVES AND SURPLUS

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Capital Reserve		
Opening balance	597,700,000	597,700,000
Addition due to merger of IIMSL with the Company (Refer Note no. 26)	1645,011,953	–
Closing balance	2,242,711,953	597,700,000
Capital Redemption Reserve		
Opening balance	31,113,584	5,115,830
Addition during the year	–	25,997,754
Closing balance	31,113,584	31,113,584
Securities Premium Account		
Opening Balance	7,307,825,773	7,770,840,487
Add : Additions on ESOP's exercised	103,715,998	576,957,560
Less : Deduction during the year (on account of buy back of equity shares)	–	1,013,974,520
Less : Transfer to Capital Redemption Reserve	–	25,997,754
Closing balance	7,411,541,771	7,307,825,773
Share Options Outstanding Account		
Gross employee stock compensation for options granted in earlier years	52,264,312	52,264,312
Less : Deferred Employee Compensation Expense	3,891,535	7,372,758
Closing balance	48,372,777	44,891,554
General Reserve		
Opening balance	594,841,731	471,841,731
Addition due to transfer during the year from surplus in the Statement of Profit and Loss	65,158,269	123,000,000
Closing balance	660,000,000	594,841,731
Surplus / (deficit) in the Statement of Profit and Loss		
Opening balance	1,737,221,728	1,623,429,461
Addition: Profit / (Loss) for the year	632,965,237	1,223,618,546
Less:- Appropriations		
Interim dividend	433,622,930	859,232,469
Dividend distribution tax	70,344,480	127,593,810
General Reserve	65,158,269	123,000,000
Closing Balance	1,801,061,286	1,737,221,728
Total: Reserves and Surplus	12,194,801,370	10,313,594,370

Note: 5. OTHER LONG-TERM LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Security deposits received	3,936,000	2,536,000
Total	3,936,000	2,536,000

Note: 6. SHORT TERM BORROWINGS

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Secured Loan		
Loan from Banks		
- Secured against Hypothecation of Receivables	167,573,343	–
- Secured against Fixed Deposit Receipt	431,353	–
Loan from other Parties		
- Secured against Fixed Assets purchased	–	5,581,724
Unsecured Loan		
- Short Term Loan - Commercial Papers	–	4,650,000,000
Total	168,004,696	4,655,581,724



Standalone Financial Statements of India Infoline Limited

NOTES

Note: 7. TRADE PAYABLES

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Trade payables*	7,212,170,622	8,775,941,843
Total	7,212,170,622	8,775,941,843

*There are no dues to micro and small enterprises (MSEs) outstanding for more than 45 days as per Micro, Small and Medium Enterprises Development Act, 2006.

Note: 8. OTHER CURRENT LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Accrued Salaries & Benefits	148,542,544	170,441,136
Unearned Revenue	4,527,199	4,946,978
Unpaid Dividend	4,896,718	8,145,898
Provision For Expenses	242,248,907	144,213,438
Others		
- Statutory remittances	57,003,617	72,547,251
- Interim dividend	433,622,930	-
- Dividend distribution tax	70,344,480	-
- Other Payables	1,295,364,372	299,270,327
Total	2,256,550,767	699,565,028

Note: 9. SHORT-TERM PROVISIONS

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Provision for employee benefits :		
Provision for compensated absences	39,180,224	4,088,047
Total	39,180,224	4,088,047

Note: 10. FIXED ASSETS

Tangible assets

(Amount in ₹)

Particulars	Buildings	Computers	Electrical Equipment	Furniture & Fixture	Office Equipment	Vehicles	Total
Cost or Valuation							
At April 1, 2011	14,074,920	295,503,232	156,470,864	414,947,365	247,367,157	7,423,165	1,135,786,703
Addition	-	52,993,007	28,164,889	61,006,924	20,740,157	-	162,904,977
Asset acquired on merger (Note no 26)	-	86,773,167	89,905,605	241,150,829	50,599,665	-	468,429,266
Deductions / Adjustments during the year	-	100,871,731	108,285,444	278,291,312	63,403,675	119,110	550,971,272
As at March 31, 2012	14,074,920	334,397,675	166,255,914	438,813,806	255,303,304	7,304,055	1,216,149,674
Depreciation							
At April 1, 2011	2,639,056	226,573,515	83,840,885	283,248,452	163,358,837	371,150	760,031,895
Depreciation on merger (Note no 26)	-	83,253,642	40,511,737	114,143,339	27,136,926	-	265,045,644
Depreciation for the year	703,748	50,126,689	49,337,017	143,777,033	58,072,957	1,454,856	303,472,300
Deductions / Adjustments during the year	-	92,010,425	59,932,285	175,981,455	41,241,680	-	369,165,845
Up to March 31, 2012	3,342,804	267,943,421	113,757,354	365,187,369	207,327,032	1,826,014	959,383,994
Net Block							
At March 31, 2012	10,732,116	66,454,254	52,498,560	73,626,437	47,976,264	5,478,041	256,765,680
At March 31, 2011	11,435,866	68,929,718	72,629,968	131,698,922	84,008,328	7,052,007	375,754,808

Standalone Financial Statements of India Infoline Limited

NOTES

Note: 10. FIXED ASSETS (Contd...)

Intangible assets

(Amount in ₹)

Particulars	Software	Non Compete Fees	Total
Cost or Valuation			
At April 1, 2011	75,083,770	12,421,958	87,505,728
Addition	210,000	–	210,000
Asset acquired on merger (Note No 26)	13,960	–	13,960
Deductions / Adjustments during the year	13,960	–	13,960
As at March 31, 2012	75,293,770	12,421,958	87,715,728
Depreciation			
At April 1, 2011	60,008,951	12,421,958	72,430,909
Depreciation For the year	10,940,388	–	10,940,388
Deductions / Adjustments during the year	3,489	–	3,489
Up to March 31, 2012	70,945,850	12,421,958	83,367,808
Net Block			
At March 31, 2012	4,347,920	–	4,347,920
At March 31, 2011	15,074,821	–	15,074,819

Note: 11. NON-CURRENT INVESTMENTS

Particulars	Face Value	As at March 31, 2012		As at March 31, 2011	
		Number	Amount in ₹	Number	Amount in ₹
Investments (At cost):					
Non-Trade					
Units of IIFL Opportunity, scheme launched by India Infoline Venture Capital Fund	₹ 100,000	536	53,600,000	536	53,600,000
Moneyvidya Technologies Pvt Ltd	₹ 1	36,000	3,000,024	36,000	3,000,024
IIFL Real Estate Fund (Domestic)- series 1, the scheme launched by India Infoline Venture Capital Fund (Partly paid up @25%)	₹ 100,000	7,500	187,500,000	–	–
Sub - Total			244,100,024		56,600,024
Investments in Subsidiaries:					
India Infoline Finance Ltd*	₹ 10	234,467,549	9,723,150,400	182,000,000	6,414,038,775
India Infoline Marketing Services Ltd*	₹ 10	–	–	17,000,000	610,700,000
IIFL Realty Ltd	₹ 10	9,000,000	605,175,000	9,000,000	605,175,000
India Infoline Commodities Ltd	₹ 10	209,000	20,000,000	209,000	20,000,000
IIFL Wealth Management Ltd	₹ 2	45,000,000	225,000,000	45,000,000	225,000,000
India Infoline Media & Research Services Ltd	₹ 10	50,000	500,000	50,000	500,000
IIFL Capital Ltd	₹ 10	3,050,000	120,500,000	3,050,000	120,500,000
India Infoline Trustee Company Ltd	₹ 10	300,000	3,000,000	300,000	3,000,000
India Infoline Asset Management Company Ltd	₹ 10	15,000,000	150,000,000	12,500,000	125,000,000
IIFL Alternate Asset Advisors Ltd	₹ 10	50,000	500,000	–	–
India Infoline Insurance Brokers Ltd*	₹ 10	500,000	5,000,004	–	–
India Infoline Insurance Services Ltd*	₹ 10	280,630	10,000,008	–	–
IIFL (Asia) Pte Ltd, Singapore	–	25,000,000	794,468,382	21,085,000	652,393,032
IIFL Inc, USA	\$1.40	140	35,152,849	140	35,152,849
IIFL Private Wealth (Mauritius) Ltd	\$ 1.00	69,975	3,229,076	–	–
IIFL Wealth (UK) Ltd	£1.00	100,000	7,241,000	100,000	7,241,000
IIFL Private Wealth Hong Kong Ltd	HK\$1	5,000,000	33,276,040	78,000	446,300
IIFL Securities Ceylon (Pvt) Ltd	LKR 10,000	7,600	31,899,159	10,000	41,552,207
IIFL Capital Ceylon Ltd	LKR 10,000	2,166	8,449,463	2,850	11,200,582
IIFL Private Wealth Management (Dubai) Ltd	AED 3.67	750,000	33,292,500	750,000	33,292,500
India Infoline Commodities DMCC	AED 1000	950	11,755,102	950	11,755,102
Sub - Total			11,821,588,983		8,916,947,347



Standalone Financial Statements of India Infoline Limited

NOTES

Note: 11. NON-CURRENT INVESTMENTS (Contd...)

Particulars	Face Value	As at March 31, 2012		As at March 31, 2011	
		Number	Amount in ₹	Number	Amount in ₹
Trade (Valued At Cost)					
Equity Shares of Bombay Stock Exchange Ltd (Valued at written down value of the Membership card)	1	130,000	16,870,000	130,000	16,870,000
Total Investments			12,082,559,007		8,990,417,371
Aggregate Book value - Quoted			-		-
- Unquoted			12,082,559,007		8,990,417,371

Investments in Subsidiary Companies:

During the year the Company has invested in following subsidiaries

(Amount in ₹)

Sr No	Name of Company	Subsidiary	Amount
1	India Infoline Finance Ltd*	Subsidiary Company	3,309,111,625
2	India Infoline Insurance Brokers Ltd*	Wholly owned subsidiary	5,000,004
3	India Infoline Insurance Services Ltd*	Wholly owned subsidiary	10,000,008
4	IIFL (Asia) Pte Ltd, Singapore	Wholly owned subsidiary	142,075,350
5	India Infoline Asset Management Company Ltd	Wholly owned subsidiary	25,000,000
6	IIFL Private Wealth Hong Kong Ltd	Wholly owned subsidiary	32,829,740
7	IIFL Alternate Asset Advisors Ltd	Wholly owned subsidiary	500,000
8	IIFL Private Wealth (Mauritius) Ltd	Wholly owned subsidiary	3,229,076
Total			3,527,745,803

*Pursuant to the merger of India Infoline Marketing Services Limited ("IIMSL"), a wholly owned subsidiary, with India Infoline Limited all the investments held by IIMSL (Transferor Company) stands transferred to the Company effective from April 1, 2011.

Note: 12. LONG-TERM LOANS & ADVANCES

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Capital advances		
Unsecured, considered good	564,229	-
Security Deposits		
Unsecured, considered good	773,615,300	790,211,987
Advance Income Tax (Net of Provision for income tax ₹ 2,973,576,972 (Previous Year ₹ 2,786,937,026))	288,574,256	141,114,429
Other loans and advances (Unsecured, Considered Good)		
Deposit with stock exchange	67,450,000	49,628,336
Total	1,130,203,785	980,954,752

Note: 13. CURRENT INVESTMENTS

(Amount in ₹)

Particulars	Face Value in ₹	As at March 31, 2012		As at March 31, 2011	
		Number	Amount in ₹	Number	Amount in ₹
Non Traded (Unquoted)					
Current Investment (valued at lower of cost & fair value)					
Canara Robeco Multicap	10	-	-	50,000	500,000
Dws Short Maturity Fund - Institutional Growth Plan	10	-	-	86,576,339	1,000,000,000
HDFC Debt Fund for Cancer Cure	10	1,000,000	10,000,000	1,000,000	10,000,000
Liquid Bees	1,000	-	-	0.055	55
Total			10,000,000		1,010,500,055

Standalone Financial Statements of India Infoline Limited

NOTES

Note: 14. INVENTORIES - (At lower of cost or net realisable value)

Script Name	As at March 31, 2012			As at March 31, 2011		
	Face Value in ₹	Number	Amount in ₹	Face Value in ₹	Number	Amount in ₹
Equity Shares						
Aban Offshore Limited	–	–	–	2	6,000	3,591,321
Alok Industries Limited	–	–	–	10	100,000	2,071,440
Apollo Tyres Limited	1	60,000	4,779,000			
Arvind Limited	10	4,000	333,440			
Axis Bank Limited	10	1,690	1,937,078	10	169	234,322
Bank of Baroda	–	–	–	10	1,500	1,393,780
Bharat Heavy Electricals Limited	2	619	159,176	10	1,500	3,090,465
Cairn India Limited	–	–	–	10	17,000	5,934,069
Canara Bank	–	–	–	10	1,500	927,670
Central Bank Of India	–	–	–	10	4	557
Cipla Limited	–	–	–	2	4,000	1,285,233
Core Education & Technologies Limited	2	4,000	1,109,411	–	–	–
Crompton Greaves Limited	2	64,000	8,838,400	–	–	–
Dabur India Limited	–	–	–	1	64,000	6,150,400
Deccan Chronicle Holdings Limited	–	–	–	2	14,000	1,019,046
DLF Limited	2	10,751	2,103,841	–	–	–
Escorts Limited	10	24,001	1,646,469	–	–	–
Firstsource Solutions Limited	–	–	–	10	184,047	3,303,644
Fresenius Kabi Oncology Limited	1	100	15,220	–	–	–
Goodyear India Limited	10	662	239,379	–	–	–
Grasim Industries Limited	10	1,955	5,135,883	–	–	–
GTL Infrastructure Limited	–	–	–	10	16,000	587,626
Gujarat Fluorochemicals Limited	1	1,500	750,914			
Gujarat State Petronet Limited	–	–	–	10	6,000	594,000
GVK Power & Infrastructure Limited	–	–	–	1	72,000	1,864,800
HDFC Bank Limited	–	–	–	10	571	1,331,388
Hindalco Industries Limited	1	52,000	6,728,800	1	8,000	1,639,400
Hindustan Construction Co. Limited	–	–	–	1	42,451	1,541,701
Hindustan Zinc Limited	–	–	–	2	4,136	569,648
Honeywell Automation India Limited	10	30	80,542	–	–	–
Housing Development Finance Corp	2	566	381,088	2	8,000	5,571,062
ICICI Bank Limited	–	–	–	10	554	612,770
IDBI Bank Limited	–	–	–	10	44,000	6,267,800
Idea Cellular Limited	–	–	–	10	44,000	2,886,378
IFCI Limited	–	–	–	10	108,001	5,680,853
IIFL Mutual Fund - IIFL Nifty ETF	10	24,673	12,844,792	–	–	–
Indian Bank	–	–	–	10	4,000	1,054,400
Infosys Technologies Limited	5	549	1,573,599	5	2,734	8,652,379
Infrastructure Development Finance Company Limited	10	92,026	12,423,872	10	62,000	9,585,200
Ispat Industries Limited	–	–	–	10	40,000	887,720
ITC Limited	–	–	–	1	34,000	6,071,893
IVRCL Assets & Holdings Limited	10	14,522	636,409	–	–	–
IVRCL Limited	2	48,000	3,175,200	–	–	–
Jaiprakash Associates Limited	2	128,000	10,457,600	2	2,000	178,472
Jindal South West Holdings Limited	–	–	–	10	375	334,729
Jindal Steel & Power Limited	–	–	–	1	1,500	1,011,401
JSW Steel Limited	10	1,000	736,242	–	–	–
Kamat Hotels (India) Limited	10	9,028	1,138,415	–	–	–
Kingfisher Airlines Limited	–	–	–	10	24,000	955,200
Lanco Infratech Limited	–	–	–	1	15,999	626,916
Larsen & Toubro Limited	–	–	–	2	7,670	12,409,537
LIC Housing Finance Limited	2	5,000	1,316,750	2	1,260	284,761
Mahindra & Mahindra Limited	–	–	–	5	3,000	2,098,997



Standalone Financial Statements of India Infoline Limited

NOTES

Note: 14. INVENTORIES (Contd...)

Script Name	As at March 31, 2012			As at March 31, 2011		
	Face Value in ₹	Number	Amount in ₹	Face Value in ₹	Number	Amount in ₹
Maruti Suzuki India Limited	5	2,000	2,566,779	5	6,755	8,141,407
Nagarjuna Fertilizer & Chemicals Limited	–	–	–	10	7,999	224,372
National Aluminium Co. Limited	–	–	–	5	60,000	5,736,000
Oil And Natural Gas Corporation Limited	–	–	–	5	9,000	2,450,154
Orchid Chemicals & Pharmaceuticals Limited	10	68,000	12,566,400	10	6,000	1,804,200
Pantaloon Retail (India) Limited	2	37,000	5,635,207	2	21,000	5,432,700
Piramal Healthcare Limited	–	–	–	2	12,000	5,001,600
Power Finance Corporation Limited	–	–	–	10	44,000	4,370,093
Power Grid Corporation Of India Limited	10	40,000	4,326,000	–	–	–
PTC India Limited	–	–	–	10	2,000	166,800
Punj Lloyd Limited	–	–	–	2	66,000	4,266,900
Punjab National Bank	10	3,750	3,478,492	–	–	–
Ranbaxy Laboratories Limited	–	–	–	5	346	151,655
Reliance Communications Limited	5	65,100	5,612,413	–	–	–
Reliance Industries Limited	10	1,508	1,131,905	10	4,559	4,703,283
Reliance Infrastructure Limited	–	–	–	10	2,646	1,745,194
Rolta India Limited	–	–	–	10	5,974	808,111
Satyam Computer Services Limited	2	12,750	977,250	–	–	–
Sesa Goa Limited	1	36,956	7,195,333	–	–	–
Shree Renuka Sugars Limited	–	–	–	1	16,000	1,111,651
Srei Infrastructure Finance Limited	–	–	–	10	10,800	478,440
Standard Chartered Plc	–	7,283	691,521	–	–	–
State Bank of India	10	542	1,136,222	10	7,258	19,437,801
Steel Authority of India Limited	–	–	–	10	7,000	1,186,100
Sterlite Industries (India) Limited	1	64,000	7,107,200	1	12,000	2,015,144
Suzlon Energy Limited	–	–	–	2	8,000	356,800
Tata Coffee Limited	10	1,750	1,487,170	–	–	–
Tata Consultancy Services Limited	–	–	–	1	51	54,380
Tata Motors Limited	2	1,000	275,250	–	–	–
Tatamotors-DVR-A-Ordy	–	–	–	10	2,250	1,551,118
Thomas Cook (India) Limited	1	93	5,673	–	–	–
Timken India Limited	10	1,294	283,386	–	–	–
TVS Motor Company Limited	1	32,081	1,315,321	1	12,000	718,200
Union Bank Of India	–	–	–	10	11,001	3,583,768
Unitech Limited	2	24,000	690,000	2	92,000	3,672,252
Welspun Corp Limited	5	22,000	2,961,200	–	–	–
Total			137,984,242			181,469,101
Bonds						
Tata Housing Development Co Limited	1,000,000	85	98,402,885	1,000,000	103	107,637,781
6.00 % IRFC 8 Mar 15	–	–	–	100,000	2,500	240,797,945
9.95% SBI Bond S4-15 Years-N5	–	–	–	10,000	100	1,041,750
Deutsche Investment India Pvt. Limited-Cap Guard	–	–	–	100,000	10	1,265,000
Avantha Holdings Limited NCD 12Sp12	90,000,000	1	97,439,092	–	–	–
Vijay Associates (Wadhwa) Constructions P Ltd 16 NCD May 31, 2013	56,680	537	31,158,788	–	–	–
Vijay Associates (Wadhwa) Constructions P Ltd Sr-B 16 NCD July 01, 2013	56,680	129	7,392,926	–	–	–
Barclays Investments & Loans (I) Ltd Sr-120 Br NCD April 22, 2013	1,000,000	20	23,006,000	–	–	–
Total			257,399,691			350,742,476
Grand Total			395,383,933			532,211,577
Aggregate Market value			395,910,378			535,200,014

Standalone Financial Statements of India Infoline Limited

NOTES

Note: 15. TRADE RECEIVABLE

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from date they are due for payment		
- Considered good	69,181,311	55,657,380
- Considered doubtful	26,908,649	20,858,549
Sub - Total	96,089,960	76,515,929
Other		
- Considered good	2,459,847,391	4,178,959,096
Provision for doubtful receivables	(26,908,649)	(20,858,549)
Total	2,529,028,702	4,234,616,476

Note: 16. CASH AND BANK BALANCES

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Cash in hand	6,617,385	3,783,883
Balances with banks		
- In Current Account	2,301,643,347	3,576,865,559
- In earmarked accounts		
Balances held as margin money deposit against guarantees*	2,269,896,886	2,687,208,865
Total	4,578,157,618	6,267,858,307

*Company has pledged fixed deposits to the extent of ₹ 2,268,623,790/- (previous year ₹ 2,670,370,853/-) with banks for bank guarantees / overdraft facilities and with the stock exchanges.

Details of bank balance with non schedule banks are:

(Amount in ₹)

Name of Bank	Closing Balance	Maximum balance during the year
Bank of Baroda, Dubai	69,247	6,48,049
Mashreq Bank, Dubai	1,613,384	12,943,078
Standard Chartered, Sri Lanka	138,085	159,976

Note: 17. SHORT TERM LOANS AND ADVANCES

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Loans & advances to related parties - Unsecured, considered good	89,682,847	706,220,979
Balances with government authorities		
Service Tax credit receivable - Unsecured, considered good	9,500,493	7,370,615
Total	99,183,340	713,591,594

Note: 18. OTHER CURRENT ASSETS

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Unsecured, considered good		
Margin with exchanges	146,155,794	1,186,946,664
Deposit with others	2,299,569	2,053,509
Prepaid expenses	57,723,261	110,819,129
Margin / premium on forward contracts	750,027,128	396,694,655
Others	211,690,786	93,355,082
Total	1,167,896,538	1,789,869,039



Standalone Financial Statements of India Infoline Limited

NOTES

Note: 19. REVENUE FROM OPERATIONS

(Amount in ₹)

Particulars	2011-12	2010-11
Revenue from operations		
Brokerage & related income	4,856,781,962	6,379,657,115
Mutual fund distribution Income	59,938,206	136,926,759
Distribution Income	554,073,604	–
Merchant Banking income	14,684,687	287,384,644
Total	5,485,478,459	6,803,968,518

Note: 20. OTHER INCOME

(Amount in ₹)

Particulars	2011-12	2010-11
a) Interest income comprises		
Interest on bank deposits	227,202,811	158,957,511
Interest on loans and advances	202,194,544	695,053,208
Interest on income tax refund	8,124,386	–
Other interest	209,319	29,157,202
b) Dividend Income		
From Mutual Fund Investments	36,838,728	158,066,959
c) Net gain on sale of current investments (Mutual Funds)	104,896,326	15,443,634
d) Net gain / loss on sale of investment (Others)	176,591,625	131,878,004
e) Other non operating income		
Profit / (Loss) on sale of fixed assets (other than slump sale)	(1,148,132)	(3,122,438)
Miscellaneous income	5,959,227	6,142,175
Total	760,868,834	1,191,576,255

Note: 21. EMPLOYEE BENEFIT EXPENSE

(Amount in ₹)

Particulars	2011-12	2010-11
Salaries & Wages	1,949,183,471	1,786,524,663
Contributions to provident and other funds**	29,240,915	25,235,469
Gratuity expenses*	17,728,704	22,059,660
Expense on employee stock option (ESOP) scheme (Note no.32)	3,481,224	7,123,578
Staff welfare expenses	71,097,252	51,467,847
Total	2,070,731,566	1,892,411,217

*The Company is recognising and accruing the employee benefit as per Accounting Standard (AS) – 15 on "Employee Benefits", the disclosures of which are as under.

Particulars	2011-12	2010-11
Discount rate previous year	8.00%	7.50%
Salary Escalation previous year	5.00%	5.00%
Discount rate current year	8.50%	8.00%
Salary Escalation Current year	5.00%	5.00%

(Amount in ₹)

Particulars	2011-12	2010-11
Liability at the beginning of the year	65,314,522	45,474,783
Interest Cost	5,225,162	3,410,609
Current Service Cost	21,817,965	19,658,262
Benefit paid	(5,747,434)	(2,219,920)
Actuarial (gain) / Loss on obligations	3,470,057	(1,009,212)
Liability at the end of the year	90,080,272	65,314,522

Standalone Financial Statements of India Infoline Limited

NOTES

Note: 21. EMPLOYEE BENEFIT EXPENSE (Contd...)

(Amount in ₹)

Particulars	2011-12	2010-11
Liability at the end of the year	90,080,272	65,314,522
Fair value of plan Assets at the end of the year	91,324,734	83,370,358
Differences	(1,244,462)	(18,055,836)
Amount of liability recognised in the Balance Sheet	(1,244,462)	(18,055,836)

(Amount in ₹)

Particulars	2011-12	2010-11
Current Service cost	21,817,965	19,658,262
Interest Cost	5,225,162	3,410,609
Expected return on plan assets	(12,096,887)	–
Actuarial Gain or Loss	2,782,464	1,009,212
Expense Recognised in P&L	17,728,704	22,059,659

(Amount in ₹)

Particulars	2011-12	2010-11
Opening Net liability	(18,055,836)	45,474,783
Expense as above	17,728,704	22,059,659
Net Transfer in	(911,347)	–
Employers contribution	(5,983)	(85,590,279)
Amount Recognised in Balance Sheet	(1,244,462)	(18,055,836)

**Defined Contribution Plans:

The Company has also recognised the following amounts as an expense.

(Amount in ₹)

Particulars	2011-12	2010-11
Contribution to provident & other fund	16,962,061	13,231,060

Note: 22. FINANCE COSTS

(Amount in ₹)

Particulars	2011-12	2010-11
Interest Expenses on		
i) Borrowings	203,204,063	853,880,140
ii) - Others (Inter Company loans and Advances)	167,544,573	6,075,068
Net (gain) / loss on foreign currency transactions and translation	7,808,875	1,595,652
Total	378,557,511	861,550,860

Note: 23. DEPRECIATION AND AMORTISATION EXPENSE

(Amount in ₹)

Particulars	2011-12	2010-11
Depreciation of tangible assets	303,472,300	222,475,919
Amotisation of intangible assets	10,940,388	18,285,435
Total	314,412,688	240,761,354



Standalone Financial Statements of India Infoline Limited

NOTES

Note: 24. OTHER EXPENSES

(Amount in ₹)

Particulars	2011-12	2010-11
Advertisement	118,755,232	99,858,341
Bank Charges	42,027,771	44,399,195
Brokerage rebate and remisier expenses	1,309,778,296	1,645,989,473
Communication	230,862,674	168,659,075
Exchange and statutory charges	90,956,177	122,689,697
Electricity	97,098,531	77,705,285
Insurance	6,036,495	2,486,484
Legal and professional charges	124,863,432	152,305,522
Miscellaneous expenses	144,011	1,913,165
Office expenses	110,580,546	114,895,964
Postage and courier	39,259,741	56,042,355
Power & Fuel	1,175,054	4,162,336
Printing and stationery	34,279,372	58,142,508
Provision for doubtful debts and bad debts	6,165,340	3,819,440
Rent	433,728,142	458,511,723
Rates & taxes	4,339,119	8,234,453
Repairs and maintenance	30,261,223	24,704,866
Payments to the auditors		
- Statutory audit	2,010,000	2,010,000
- Certification work and other matters	170,000	97,500
- Out of pocket expenses	95,414	111,730
Software charges	62,813,118	96,891,958
Travelling and conveyance	133,627,917	124,561,710
Total	2,879,027,605	3,268,192,780

Note: 25. EARNINGS PER SHARE

(Amount in ₹)

Particulars		2011-12	2010-11
Basic EPS :			
Profit / (Loss) after tax as per Statement of Profit and Loss	A	632,965,236	1,223,618,546
Weighted Average Number of Shares Subscribed (Basic)	B	288,433,564	287,894,704
Basic EPS	A/B	2.19	4.25
Diluted EPS :			
Profit / (Loss) after tax as per Statement of Profit and Loss	A	632,965,236	1,223,618,546
Weighted Average Number of Shares Subscribed		288,433,564	287,894,704
Add : Potential Equity Shares on account of conversion of Employee Stock Options		36,477,112	38,898,867
Weighted Average Number of Shares Outstanding	B	324,910,676	326,793,571
Diluted EPS	A/B	1.95	3.74

Note: 26.

Pursuant to Section 391 - 394 of Companies Act, 1956, India Infoline Marketing Services Limited (IIMSL), a wholly owned subsidiary, was merged with India Infoline Limited. The merger was approved by Hon'ble High Court at the judicature of Bombay vide its order dated April 27, 2012. The appointed date of the merger is April 1, 2011.

IIMSL was engaged in marketing and distribution of financial products and other services.

The merger has been accounted for under the "Pooling of Interest" method as prescribed by the Accounting standard (AS) 14 on "Accounting for Amalgamations" notified under the Companies (Accounting Standard) Rules. The scheme has, accordingly, been given effect to in these financial statements as approved by the Hon'ble High Court at the judicature of Bombay.

All the Assets, Liabilities and Investments have been transferred to the Company at value appearing in the books of accounts of IIMSL as on March 31, 2011. Excess of assets over liabilities amounting to ₹ 1,645,011,953/- has been considered as capital reserve.

Upon the scheme being effective, the authorised share capital of the Company has increased to 600,000,000 equity shares of ₹ 2 each, amounting to ₹ 1,200,000,000/-.

The current year figures include the results of IIMSL and are therefore not comparable with those of the previous year.

Standalone Financial Statements of India Infoline Limited

NOTES

Note: 27.

During the year, the Company has sold its marketing and distribution business (including all its assets and liabilities of marketing and distribution business of India Infoline Marketing services Ltd. which got merged with the Company as mentioned above in the Note no 26), by way of slump sale on a going concern basis to India Infoline Media and Research Ltd., a subsidiary of the Company, for a lump sum consideration of ₹ 469,822,400/- vide agreement dated January 16, 2012. The profit earned by Company by virtue of this slump sale was ₹ 143,604,348/-.

Note: 28.

The claim against the Company not acknowledged as debt were ₹ 11,389,141/- (previous year ₹ 65,233,873/-), As of March 31, 2012, we had certain contingent liabilities not provided for, including the following:

(Amount in ₹)

Sr. No.	Name of Statue	March 31, 2012	March 31, 2011
i)	In respect of Income tax demands	74,473,591	21,305,454
ii)	In respect of MVAT demands	563,342	563,342
iii)	In respect of Profession tax demands	-	1,553,529

Note: 29. CAPITAL AND OTHER COMMITMENTS AT BALANCE SHEET DATE:

There were outstanding commitments for capital expenditure (net of advances) to the tune of ₹ 54,189,295/- (previous year ₹ 69,068,704/-) and Other Commitment to the tune of ₹ 562,500,000/- (previous year ₹ Nil) of the total contractual obligation entered during the year.

Note: 30.

The Company has taken office premises on operating lease at various locations. Lease rents in respect of the same have been charged to Statement of Profit and Loss. The agreements are executed for a period ranging from one to five years with a renewable clause. Some agreements have a clause for a minimum lock-in period. The agreements also have a clause for termination by either party after giving a prior notice period between 30 to 90 days. The Company has also taken some other assets under operating lease. The minimum future Lease rentals outstanding as at March 31, 2012, are as under:

(Amount in ₹)

Particulars	2011-12	2010-11
Due for:		
- Up to one year	52,769,816	57,565,870
- One to five years	-	26,526,177
- Over five years	-	-
Total	52,769,816	84,092,047

Note: 31. THE COMPANY HAS PROVIDED CORPORATE GUARANTEE ON BEHALF OF THE FOLLOWING SUBSIDIARIES.

Sr. No.	Name of the subsidiary	Amount in ₹
1	India Infoline Commodities Limited	₹ 129,000,000 (₹ 129,000,000)
2	India Infoline Finance Limited (Formerly known as India Infoline Investment Services Ltd.)	₹ 34,648,300,000 (₹ 17,398,300,000)
3	India Infoline Housing Finance Ltd	₹ 1,600,000,000 (₹ 1,600,000,000)
4	IIFL Realty Ltd	₹ 1,700,000,000 (₹ 1,700,000,000)
5	IIFL Inc	\$ 141,414 (\$ 141,414)
6	IIFL Securities Pte Limited	\$ 10,000,000 (\$ 10,000,000)

(Figure in bracket represents previous year figures)



Standalone Financial Statements of India Infoline Limited

NOTES

Note: 32.

The Company has implemented Employee Stock Option Scheme 2005, 2007, 2008 (ESOP Schemes) and has outstanding options granted under the said Schemes. The options vest in graded manner and must be exercised within a specified period as per the terms of the grants made by the Remuneration and Compensation Committee and ESOP Schemes.

a) The details of various Employee Stock Option Schemes are as under:

Particulars	ESOP 2005	ESOP 2007	ESOP 2008
No. of options as on March 31, 2012	38,625	45,75,310	3,44,14,500
Method of accounting	Intrinsic Value	Intrinsic Value	Intrinsic Value
Vesting Plan	Options granted would vest over a period of four years subject to a minimum period of one year from the date of grant of options	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options
Exercise Period	Five years from the date of grant	Five years from the date of grant	Seven years from the date of grant
Grant Dates	May 4, 2006 and April 2, 2007	October 17, 2008, December 18, 2008, January 1, 2009 and March 5, 2012	December 18, 2008, January 1, 2009, May 27, 2009, December 10, 2009, September 20, 2010 and May 7, 2011
Grant Price (₹ Per Share)	30.00 and 51.00*	63.75, 45.30, 50.90 and 70.00	45.30, 50.90, 100.00, 136.00, 105.00 and 72.40
Market Price on the date of Grant of Option (₹)	36.59* and 68.22*	53.10, 52.70, 56.80 and 70.00	52.70, 56.80, 145.20, 136.60, 105.00 and 72.40

*Adjusted prices due to sub-division of face value from ₹ 10 to ₹ 2 per share, with effect from August 18, 2008.

b) Movement of options granted:

Particulars	ESOP 2005	ESOP 2007	ESOP 2008
Options outstanding at the beginning of the year	819,725	35,82,050	346,02,600
Granted during the year	–	25,00,000	27,00,000
Exercised during the year	7,74,350	8,87,430	951,600
Lapsed during the year	6,750	619,310	19,36,500
Options outstanding at the end of the year	38,625	45,75,310	3,44,14,500

Note: 33.

The Company recognized deferred tax assets for the year ended March 31, 2012, since the management is reasonably / virtually certain of its profitable operations in future. As per Accounting Standard 22 'Accounting for Taxes on Income', the timing differences mainly relates to following items and result in a net deferred tax asset.

Deferred Tax Assets

(Amount in ₹)

Particulars	2011-12	2010-11
On Gratuity / Leave Encashment	–	(5,997,697)
Depreciation	155,642,509	107,543,403
Provision for doubtful debts	6,928,689	5,766,043
On Capital Gains	35,537,177	–
Total	198,108,375	107,311,749

Standalone Financial Statements of India Infoline Limited

NOTES

Note: 34. DISCLOSURE OF LOANS / ADVANCES IN ITS SUBSIDIARIES AND ASSOCIATES ETC. AS REQUIRED UNDER CLAUSE 32 OF THE LISTING AGREEMENT

(Amount in ₹)

No.	Name	Particulars	2011-12	2010-11
1	IIFL Energy Limited	Outstanding at year end	–	1,959,568
		Maximum Amount Outstanding	1,959,568	1,959,568
2	India Infoline Trustee Company Limited	Outstanding at year end	–	–
		Maximum Amount Outstanding	–	859,151
3	IIFL Capital Limited	Outstanding at year end	–	–
		Maximum Amount Outstanding	–	1,027,467
4	IIFL (Asia) Pte. Limited	Outstanding at year end	52,431,868	631,028,838
		Maximum Amount Outstanding	736,788,293	851,013,864
5	IIFL Private Wealth Hong Kong Limited	Outstanding at year end	9,847,081	–
		Maximum Amount Outstanding	9,847,081	–
6	India Infoline Commodities DMCC. Dubai	Outstanding at year end	2,184,733	57,780,659
		Maximum Amount Outstanding	56,782,300	65,435,651
7	IIFL Inc	Outstanding at year end	11,732,773	11,732,773
		Maximum Amount Outstanding	11,732,773	11,732,773
8	IIFL Private Wealth Management (Dubai) Limited	Outstanding at year end	10,478,659	4,268,852
		Maximum Amount Outstanding	10,478,659	4,268,852
9	IIFL Wealth (UK) Limited	Outstanding at year end	3,939,200	–
		Maximum Amount Outstanding	3,939,200	–

Note: 35.

In the opinion of the management, there is only one reportable business segment as envisaged by AS 17 'Segment Reporting'. Accordingly, no separate disclosure for segment reporting is required to be made in the financial statements of the Company.

Secondary segmentation based on geography has not been presented as the Company operates primarily in India and the Company perceives that there is no significant difference in its risk and returns in operating from different geographic areas within India.

Note: 36.

The Company provides for the use by its subsidiaries certain facilities like use of premises, infrastructure and other facilities / services and the same are termed as 'Shared Services'. The cost of such Shared Services are recovered from subsidiaries either on actual basis or on reasonable management estimates, which are constantly refined in the light of additional knowledge gained relevant to such estimation.



Standalone Financial Statements of India Infoline Limited

NOTES

Note: 37. RELATED PARTY DISCLOSURES AS ON MARCH 31, 2012

Nature of relationship	Name of party
a) Related parties where control exists	
Subsidiaries including step down subsidiaries	India Infoline Commodities Limited
	India Infoline Finance Limited
	India Infoline Media & Research Services Limited
	IIFL Wealth Management Limited
	IIFL Capital Limited
	India Infoline Distribution Company Limited
	India Infoline Insurance Services Limited
	India Infoline Insurance Brokers Limited
	India Infoline Housing Finance Limited
	India Infoline Trustee Company Limited
	India Infoline Asset Management Company Limited
	IIFL (Thane) Private Limited
	IIFL Energy Limited
	Finest Wealth managers Pvt Limited
	IIFL Trustee Services Limited
	IIFL Realty Limited
	IIFL Alternate Asset Advisors Limited
	IIFL (Asia) Pte Limited
	IIFL Securities Pte Limited
	IIFL Capital Pte Limited
	IIFL Securities Ceylon (Pvt) Limited
	IIFL Capital Ceylon Limited
	IIFL Private Wealth Management (Dubai) Limited
	India Infoline Commodities DMCC, Dubai
	IIFL Wealth (UK) Limited
	IIFL Inc
	IIFL Private Wealth Hong Kong Limited
	IIFL Private Wealth (Mauritius) Limited
b) Key Management Personnel	Mr. Nirmal Jain
	Mr. R Venkataraman
c) Other related parties	Mrs. Madhu Jain (wife of Mr. Nirmal Jain)
	Mrs. Aditi Venkataraman (wife of Mr. R Venkataraman)
	IIFL Opportunity Fund Scheme of India India Infoline Venture Capital Fund

Standalone Financial Statements of India Infoline Limited

NOTES

Note: 37. RELATED PARTY DISCLOSURES AS ON MARCH 31, 2012 (Contd...)

d) Significant Transactions with Related Parties

Significant transactions with related parties (figure in bracket represents previous year figures)

(Amount in ₹)

Nature of Transaction	Subsidiaries	Key Managerial personnel	Other Related Parties	Total
Investment (refer Note no 11)	203,634,166 (337,407,589)	– –	– –	203,634,166 (337,407,589)
Sale of Investments			(13,900,000)	(13,900,000)
Sale of Fixed Assets (Net Block)	– (815,351)	– –	– –	– (815,351)
Brokerage Income	493,624 (2,118,410)	13,778 (113,015)	57,782 (207,991)	565,184 (2,439,416)
Remuneration	– –	29,680,110 (30,637,500)	– –	29,680,110 (30,637,500)
Interest Income	202,187,317 (695,053,209)	– –	7,227 –	202,194,544 (695,053,209)
Interest Expenses	166,476,079 (160,697,900)	– –	– –	166,476,079 (160,697,900)
Dividend Income	– (91,000,000)	– –	– –	– (91,000,000)
Management fees Income	– –	– –	1,149,504 (1,390,241)	1,149,504 (1,390,241)
Rent Expenses	452,414,800 (353,795,520)	– –	384,000 (384,000)	452,798,800 (354,179,520)
Referral Fees / Authorised Person / Marketing Expenses / SMS Expenses	487,183,868 (783,704,102)	– –	– –	487,183,868 (783,704,102)
Corporate Guarantee (refer Note no 31) –US\$	– (10,000,000)	– –	– –	– (10,000,000)
ICD Given / Repaid	1,505,200,000 –	– –	– –	1,505,200,000 –
Corporate Guarantee (refer Note no 31)	17,250,000,000 (17,398,300,000)	– –	– –	17,250,000,000 (17,398,300,000)
Advances given (Net) / Reimbursement of Expenses	71,614,038,488 (177,387,975,162)	– –	– –	71,614,038,488 (177,387,975,162)
Advances taken (Net) / allocation of expenses	72,167,158,526 (177,303,111,768)	– –	– –	72,167,158,526 (177,303,111,768)

Outstanding as on March 31, 2012

(Amount in ₹)

Nature of Transaction	Subsidiaries	Key Managerial personnel	Other Related Parties	Total
Sundry Payables	917,000 (63,418,097)	30,284 (144,719)	10,891 (11,679,443)	958,174 (75,242,258)
Sundry Receivables	90,599,846 (706,220,981)	– –	– –	90,599,846 (706,220,981)
Investments	11,821,588,983 (8,916,947,347)	– –	– (53,600,000)	11,821,588,983 (8,970,547,347)
Corporate Guarantees - (in US\$)	10,141,414 (10,141,414)	– –	– –	10,141,414 (10,141,414)
Corporate Guarantees - ₹	38,077,300,000 (20,827,300,000)	– –	– –	38,077,300,000 (20,827,300,000)



Standalone Financial Statements of India Infoline Limited

NOTES

Note: 38. EARNINGS AND EXPENSES IN FOREIGN CURRENCY

(Amount in ₹)

Particulars	2011-12	2010-11
Earnings in Foreign Currency		
Investment Banking & Research Income	10,008,132	–
Expenses in Foreign Currency		
Advertisement Expenses	–	584,965
Business promotion	10,603,827	2,336,849
Communication Expenses	2,692,733	1,967,485
Marketing Expenses	138,315,262	63,418,094
Membership & Subscription	831,186	2,919,261
Office Expenses	4,298,369	3,091,560
Professional Fees	3,687,462	11,030,012
Postage & Courier Expenses	969,872	50,025
Printing & Stationery Expenses	1,575,245	8,438,360
Rent Expenses	965,240	1,253,869
Software Charges	18,029,171	5,215,316
Salaries	17,850,697	43,809,038
Staff Welfare Expenses	105,686	517,981
Travelling Expenses	2,479,406	2,388,445
Wire Services	8,491,938	8,046,105
Total Expenses	210,896,094	155,067,365

During the year the Company remitted the dividend in foreign currency. The details are under.

(Amount in ₹)

Particulars	2011-12 Interim Dividend*	2010-11 Interim Dividend
Type of Dividend		
Number of Non-resident shareholder	–	9
Number of shares held by them	–	2,052,430
Gross amount of dividend	–	6,157,290

*Interim dividend for the financial year 2011-12 was approved on May 15, 2012 and the payment date for the same was May 23, 2012.

Note: 39. DETAILS OF SHARES APPLICATION MONEY PENDING ALLOTMENT AS ON MARCH 31, 2011

No. of Equity Shares to be issued	Face Value (₹)	Premium (₹)	Total Price Per Equity Shares (₹)	Total Amount (₹)	Remarks
2,100	2.00	43.30	45.30	95,130	Application money received under ESOP Scheme 2008
106,125	2.00	28.00	30.00	3,183,750	Application money received under ESOP Scheme 2005
108,225				3,278,880	

The above monies have been received against ESOPs exercised by certain eligible employees. The above shares have been issued during the current financial year and are well within the overall authorised capital of the Company. The shares were allotted as per the term of the respective ESOP Schemes.

Note: 40.

Previous year figures have been regrouped, reclassified & rearranged, wherever considered necessary to confirm to current year's presentation.

As per our attached report of even date

For Sharp & Tannan Associates

Chartered Accountants

ICAI Registration No. 109983W

By the hand of

Tirtharaj Khot

Partner

Membership No (F) 037457

Nirmal Jain

Chairman

R.Venkataraman

Managing Director

Place : Mumbai

Dated: May 15, 2012

L P Aggarwal

Chief Financial Officer

Sunil Lotke

Company Secretary

Statement relating to subsidiary companies pursuant to approval granted U/S 212 (8) of the Companies Act, 1956

Figures are in ₹ million

Particulars	India Infoline Finance Limited	IIFL Realty Limited	IIFL (Thane) Private Limited	India Infoline Media and Research Services Limited	IIFL Wealth Management Limited	India Infoline Insurance Services Limited	India Infoline Commodities Limited	India Infoline Distribution Company Limited	India Infoline Housing Finance Limited	India Infoline Insurance Brokers Limited	IIFL Energy Limited	India Infoline Trustee Company Limited	IIFL Capital Limited	Finest Wealth Managers Private Limited	India Infoline Asset Management Company Limited	IIFL Alternate Asset Advisors Limited	IIFL Trustee Services Limited
1 Share Capital	2,371.54	90.00	10.00	0.50	109.18	2.81	2.09	14.00	309.00	5.00	0.50	3.00	30.50	0.13	150.00	0.50	0.50
2 Reserves	11,953.36	457.73	(2.21)	121.72	676.20	193.78	135.63	58.45	1,115.13	97.93	(0.99)	(1.99)	94.34	15.65	(33.24)	0.14	0.15
3 Total Assets	76,140.46	3,953.12	181.86	520.47	1,276.74	201.06	2,755.30	73.11	2,960.05	317.87	1.38	1.14	128.11	22.37	120.90	0.73	3.43
4 Total Liabilities	76,140.46	3,953.12	181.86	520.47	1,276.74	201.06	2,755.30	73.11	2,960.05	317.87	1.38	1.14	128.11	22.37	120.90	0.73	3.43
5 Investments (other than investment in subsidiaries)	6,071.95	-	-	-	7.00	-	-	-	-	-	-	-	-	0.13	-	-	-
6 Total Turnover	9,103.70	574.65	-	424.62	1,070.03	54.63	1,031.85	0.91	431.26	857.91	-	0.02	11.69	24.38	10.44	0.26	2.89
7 Profit / (Loss) before taxation	1,439.99	(1.50)	(7.88)	23.32	237.93	5.37	53.35	(0.69)	62.40	38.44	(0.03)	(0.65)	4.28	13.50	(17.75)	0.21	0.22
8 Provision for taxation (including deferred tax)	421.48	38.46	0.00	7.57	90.40	3.83	24.89	(0.04)	26.46	11.96	-	0.23	1.27	4.35	5.15	0.08	0.07
9 Profit after taxation	1,018.51	(39.95)	(7.88)	15.75	147.44	1.64	28.46	(0.65)	35.94	26.48	(0.03)	(0.97)	2.91	9.15	(23.00)	0.04	0.05
10 Details of Interest in subsidiaries	98.87%	100.00%	100.00%	100.00%	82.44%	100.00%	100.00%	98.87%	98.87%	100.00%	100.00%	100.00%	100.00%	82.44%	100.00%	100.00%	82.44%



Figures are in million

Particulars	IIFL (Asia) Pte. Ltd		IIFL Securities Pte. Ltd		IIFL Capital Pte. Ltd		IIFL Inc		India Infoline Commodities DMCC		IIFL Private wealth Management (Dubai) Ltd		IIFL Wealth (UK) Ltd		IIFL Securities Ceylon (Pvt) Ltd		IIFL Capital Ceylon Ltd		IIFL Private Wealth Hong Kong Ltd		IIFL Private Wealth (Mauritius) Ltd	
	₹	S \$	₹	S \$	₹	S \$	₹	US\$	₹	AED	₹	AED	₹	£	₹	LKR	₹	LKR	₹	HKD	₹	US\$
1 Share Capital	1,011.13	25.00	446.11	11.03	202.23	5.00	46.89	1.03	11.76	0.95	33.29	2.75	7.24	0.10	41.55	100.00	11.20	28.50	33.28	5.00	3.23	0.07
2 Reserves	(125.95)	(3.11)	(203.95)	(5.04)	(195.14)	(4.82)	2.62	(0.05)	6.15	3.48	(1.15)	(0.43)	(2.39)	(0.04)	5.24	17.96	(2.10)	(5.59)	(8.89)	(1.24)	0.50	0.00
3 Total Assets	1,350.43	33.39	247.39	6.12	16.03	0.40	50.41	1.03	20.14	3.48	43.78	3.16	9.08	0.11	59.81	150.74	11.64	29.32	44.02	6.71	13.68	0.26
4 Total Liabilities	1,350.43	33.39	247.39	6.12	16.03	0.40	50.41	1.03	20.14	3.48	43.78	3.16	9.08	0.11	59.81	150.74	11.64	29.32	44.02	6.71	13.68	0.26
5 Investments (other than investment in subsidiaries)	569.35	14.08	-	-	-	-	-	-	-	-	-	-	-	-	25.06	63.10	10.98	27.66	-	-	-	-
6 Total Turnover	-	-	215.55	5.64	35.11	0.93	70.29	1.48	-	-	1.47	0.11	14.84	0.19	26.32	65.85	0.72	1.80	-	-	37.88	0.78
7 Profit / (Loss) before taxation	(288.67)	(7.33)	(44.09)	(1.22)	(39.23)	(1.04)	(4.24)	(0.09)	(1.79)	(0.15)	(33.41)	(2.58)	(1.40)	(0.02)	4.11	10.28	(1.76)	(4.41)	(6.00)	(0.98)	0.73	0.02
8 Provision for taxation (including deferred tax)	(110.63)	(2.92)	(0.45)	(0.01)	-	-	(5.63)	(0.12)	-	-	-	-	-	-	0.16	0.41	0.05	0.13	-	-	0.01	0.00
9 Profit after taxation	(178.04)	(4.51)	(43.64)	(1.21)	(39.23)	(1.04)	1.39	0.03	(1.79)	(0.15)	(33.41)	(2.58)	(1.40)	(0.02)	3.95	9.88	(1.81)	(4.54)	(6.00)	(0.98)	0.73	0.01
10 Details of Interest in subsidiaries	100.00%		100.00%		100.00%		100.00%		100.00%		100.00%		100.00%		76.00%		76.00%		100.00%		100.00%	

Consolidated Financial Statement 2011-2012

To,
The Board of Directors
India Infoline Limited
Mumbai

Sub: Report on Consolidated Financial Statements as at March 31, 2012

We have examined the attached Consolidated Balance Sheet of India Infoline Limited and its subsidiaries namely

- (1) Consolidated financial statements of India Infoline Finance Limited, formerly, India Infoline Investment Services Limited, for its subsidiaries
 - (a) India Infoline Housing Finance Limited;
 - (b) India Infoline Distribution Company Limited;
- (2) Consolidated financial statement of IIFL Realty Limited, for its subsidiaries
 - (a) IIFL (Thane) Private Limited;
 - (b) IIFL Energy Limited;
- (3) Consolidated financial statement of IIFL Wealth Management Limited, for its subsidiaries
 - (a) Finest Wealth Managers Private Limited;
 - (b) IIFL Trustee Services Limited;
- (4) India Infoline Insurance Services Limited;
- (5) India Infoline Insurance Brokers Limited;
- (6) India Infoline Commodities Limited;
- (7) India Infoline Media and Research Services Limited;
- (8) IIFL Capital Limited;
- (9) India Infoline Trustee Company limited;
- (10) India Infoline Asset Management Company Limited;
- (11) IIFL Alternate Asset Advisors Limited;
- (12) IIFL Opportunity Fund Scheme of India Infoline Venture Capital Fund;
- (13) IIFL (Asia) Pte. Limited;
- (14) IIFL Capital Pte. Limited;
- (15) IIFL Securities Pte. Limited;
- (16) IIFL Private Wealth (Mauritius) Limited;
- (17) India Infoline Commodities DMCC, Dubai;
- (18) IIFL Inc.;

- (19) IIFL Wealth (UK) Limited;
- (20) IIFL Private Wealth Management (Dubai) Limited;
- (21) IIFL Private Wealth Hong Kong Limited;
- (22) IIFL Securities Ceylon (Private) Limited; and
- (23) IIFL Capital Ceylon Limited (collectively referred to as the IIFL Group),

as at March 31 2012, and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date and annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on this financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit also includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

In respect of the financial statements of subsidiaries incorporated outside India namely, IIFL (Asia) Pte. Limited, IIFL Capital Pte. Limited, IIFL Securities Pte. Limited; IIFL Private Wealth (Mauritius) Limited, India Infoline Commodities DMCC, Dubai, IIFL Inc., IIFL Wealth (UK) Limited, IIFL Private Wealth Management (Dubai) Limited, IIFL Private Wealth Hong Kong Limited, IIFL Securities Ceylon (Private) Limited and IIFL Capital Ceylon Limited, we have not carried out the audit. These have been audited by other auditors whose financial statements have been received by us and therefore, in so far as it relates to the amounts included in respect



of these subsidiaries, the same are based solely on the certified copies of report of the other auditors. The details of Assets and Revenues in respect of these subsidiaries to the extent to which they are reflected in the Consolidated Financial Statements are given below:

Audited by other Auditors:

(Amount in ₹)

Name of the Company	Total Assets	Total Revenues
Foreign Subsidiaries		
IIFL (Asia) Pte. Limited	1,350,427,350	Nil
IIFL Capital Pte. Limited	16,034,019	35,107,150
IIFL Securities Pte. Limited	247,388,947	215,547,267
IIFL Private Wealth Mauritius Limited	13,678,733	37,881,602
India Infoline Commodities DMCC, Dubai	20,142,483	Nil
IIFL Inc.	50,413,639	70,287,341
IIFL Wealth (UK) Limited	9,081,324	14,843,404
IIFL Private Wealth Management (Dubai) Limited	43,778,550	1,465,985
IIFL Private Wealth Hong Kong Limited	44,022,014	Nil
IIFL Securities Ceylon (Private) Limited	59,812,844	26,317,791
IIFL Capital Ceylon Limited	11,641,915	720,567

We report that; the consolidated financial statements have been prepared by the Company's Management in accordance with the requirement of the Accounting Standard (AS) 21, "Consolidated Financial Statement", notified by the Companies (Accounting Standards) Rules, 2006, and on the basis of the separate audited financial statements of the IIFL Group included in the consolidated financial statements.

We report that on the basis of the information and explanation given to us and on the separate audit report on individual audited financial statements of the IIFL Group, we are of the opinion that the consolidated financial statements, read together with significant accounting policies and notes appearing thereon, give true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of Consolidated Balance Sheet, of the state of affairs of the IIFL Group as at March 31, 2012;

- b) in the case of Consolidated Statement of Profit and Loss, of the consolidated results of operations of the IIFL Group for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statements, of the consolidated cash flows of the IIFL Group for the year ended on that date.

Sharp & Tannan Associates

Chartered Accountants

ICAI Registration No. 109983W

By the hand of

Tirtharaj Khot

Partner

Place: Mumbai

Date: May 15, 2012

Membership No.: (F) 037457

Consolidated Balance Sheet as at March 31, 2012

(Amount in ₹)

Particulars	Note No.	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
1) Shareholders' funds			
a) Share Capital	3	578,048,406	572,821,646
b) Reserves and Surplus	4	16,963,939,708	16,068,100,392
Sub total		17,541,988,114	16,640,922,038
2) Share application money pending allotment		–	3,278,880
3) Minority Interest		317,512,819	310,162,843
4) Non Current Liabilities			
a) Long-term borrowings	5	32,502,361,941	13,222,649,238
b) Deferred tax liabilities	13	–	734,016
c) Other long-term liabilities	6	36,378,479	58,514,767
d) Long-term provisions	7	177,980,687	82,366,462
Sub total		32,716,721,107	13,364,264,483
5) Current liabilities			
a) Short-term borrowings	8	20,507,366,871	13,587,690,834
b) Trade payables	9	9,288,888,357	10,619,828,998
c) Other current liabilities	6		
- Borrowings		6,807,741,851	2,474,666,667
- Others		7,175,137,698	4,610,812,344
d) Short-term provisions	7	636,421,018	178,359,294
Sub total		44,415,555,795	31,471,358,137
Total		94,991,777,835	61,789,986,381
ASSETS			
1) Non-current assets			
a) Fixed assets			
i) Tangible assets	10	4,780,687,406	4,029,919,492
ii) Intangible assets	11	5,291,075	16,993,373
iii) Capital work-in-progress		114,514,275	370,956,970
iv) Goodwill		332,198,489	332,344,105
v) Intangible assets under development		–	–
Sub total		5,232,691,245	4,750,213,940
b) Non-current investments	12	2,998,968,430	264,525,279
c) Deferred tax assets	13	492,197,640	284,999,090
d) Long-term loans & advances	14		
- Loans		22,492,742,411	13,520,817,969
- Others		1,384,399,471	1,874,531,058
e) Other non-current assets	15	525,457,151	303,459,202
Sub total		27,893,765,103	16,248,332,598
2) Current assets			
a) Current investments	16	3,846,471,884	3,157,298,908
b) Inventories	17	2,243,323,289	756,044,839
c) Trade receivables	18	3,746,843,160	7,140,544,586
d) Cash and Bank balances	19	8,205,455,898	8,009,869,819
e) Short-term loans & advances	14		
- Loans		39,644,339,571	19,342,029,511
- Others		2,288,711,446	1,592,544,384
f) Other current assets	15	1,890,176,239	793,107,796
Sub total		61,865,321,487	40,791,439,843
Total		94,991,777,835	61,789,986,381
See accompanying notes forming part of Financial Statements	1-37		

As per our attached report of even date

For Sharp & Tannan Associates

Chartered Accountants

ICAI Registration No. 109983W

By the hand of

Tirtharaj Khot

Partner

Membership No (F) 037457

Place : Mumbai

Dated: May 15, 2012

For and on behalf of the Board of Directors

Nirmal Jain

Chairman

R.Venkataraman

Managing Director

L P Aggarwal

Chief Financial Officer

Sunil Lotke

Company Secretary



Consolidated Statement of Profit and Loss for the year ended March 31, 2012

(Amount in ₹)

Particulars	Note No.	2011-2012	2010-2011
INCOME			
Revenue from operations			
Equity brokerage and related income		5,457,597,390	6,697,251,543
Financing and investing income		10,904,535,979	6,180,460,548
Marketing and distribution income		2,430,673,826	1,842,691,396
Other Income	20	71,863,217	19,031,564
Total Revenue		18,864,670,412	14,739,435,051
EXPENDITURE			
a. Employee benefits expense	21	4,917,428,946	3,925,314,011
b. Finance cost	22	5,043,126,479	2,357,958,424
c. Depreciation and amortisation expense	23	802,173,617	581,705,900
d. Other Expense	24	5,789,918,048	4,441,035,190
e. Provisions and Write off	25	316,822,711	305,544,960
Total Expenses		16,869,469,801	11,611,558,485
Profit before tax		1,995,200,611	3,127,876,566
Tax Expenses			
Current tax expense for current year		835,238,597	1,073,246,591
Deferred tax		(207,932,567)	(127,404,599)
Net current tax expense for previous year		7,159,194	34,708,481
Sub total		634,465,224	980,550,473
Profit / (loss) for the year		1,360,735,387	2,147,326,093
Earnings per equity share (Face Value ₹ 2)			
1) Basic	26	4.58	7.33
2) Diluted	26	4.06	6.46
See accompanying notes forming part of Financial Statements	1-37		

As per our attached report of even date

For Sharp & Tannan Associates

Chartered Accountants

ICAI Registration No. 109983W

By the hand of

Tirtharaj Khot

Partner

Membership No (F) 037457

Place : Mumbai

Dated: May 15, 2012

For and on behalf of the Board of Directors

Nirmal Jain

Chairman

R.Venkataraman

Managing Director

L P Aggarwal

Chief Financial Officer

Sunil Lotke

Company Secretary

Consolidated Cash Flow Statement

for the year ended March 31, 2012

(Amount in ₹)

Particulars	March 31, 2012		March 31, 2011	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit before taxation and exceptional items		1,995,200,611		3,127,876,567
Adjustments for:				
Depreciation & Amortisation	802,173,617		581,705,900	
Provisions for gratuity	52,509,766		32,534,116	
Provisions for leave encashment	85,798,481		(219,183)	
Provision for doubtful debts	-		5,000,100	
Provision for doubtful loans	79,172,268		2,028,274	
Contingent Provision against standard assets	90,368,379		82,366,463	
Deferred employee compensation	3,481,224		7,123,578	
Finance cost	5,043,126,479	6,156,630,214	2,357,958,424	3,068,497,672
Operating profit before working capital changes		8,151,830,825		6,196,374,239
(Increase) / Decrease in trade receivables	3,393,701,425		1,160,719,000	
(Increase) / Decrease in Long term and Short term Loans & Advances	(30,591,118,670)		(18,994,101,255)	
Increase / (Decrease) in Long term and Short term Provisions	324,999,324		(103,621,993)	
Increase / (Decrease) in Long term and Short term Current Liabilities	1,211,248,426	(25,661,169,495)	2,588,220,085	(15,348,784,163)
Cash generated from operations		(17,509,338,670)		(9,152,409,924)
Tax (Paid) / Refund		(1,023,836,406)		(1,293,115,822)
Net cash from operating activities		(18,533,175,076)		(10,445,525,746)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of fixed assets (includes intangible assets)		(1,284,650,921)		(958,446,351)
Purchase / Sale of Non-current Investments		(2,734,443,151)		(147,455,279)
Purchase / Sale of Current Investments		(689,172,976)		1,280,626,646
Purchase / Sale of Inventories		(1,487,278,450)		63,656,516
Net cash from investing activities		(6,195,545,498)		238,381,532
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital (includes minority share capital)		142,742,801		641,304,940
Buy back of equity shares / Purchase of Minority stake in subsidiary		(200,000,000)		(1,039,972,273)
Share issue expenses		-		(16,500,000)
Foreign exchange fluctuation		102,145,169		128,958,914
(Repayment) / Proceeds of Long term borrowings		23,612,787,888		12,081,910,588
(Repayment) / Proceeds of Short term borrowings		6,919,676,035		2,026,170,592
Dividend		(503,967,409)		(1,007,678,104)
Interest Paid		(5,043,126,479)		(2,357,958,424)
Net cash used in financing activities		25,030,258,005		10,456,236,233
Cash and cash equivalents at beginning of period		8,306,006,688		8,056,914,669
Cash and cash equivalents at end of period		8,607,544,119		8,306,006,687
Net increase in cash and cash equivalents		301,537,431		249,092,018
Cash and cash equivalents include :				
Cash in hand	273,410,980		285,134,309	
Bank balances	4,624,253,069		4,540,122,749	
Fixed deposits	3,307,791,849		3,184,612,761	
Fixed deposit shown under Other Current assets	402,088,221		296,136,869	
Total		8,607,544,119		8,306,006,688

- Cash flow statement has been prepared under the Indirect Method as set out in the Accounting Standard (AS-3) "Cash Flow Statement".
- Fixed deposits with scheduled banks includes ₹ 3,217,533,114 (Previous Year ₹ 3,176,319,489) pledged for bank guarantees / overdraft facilities and with stock exchange.
- Previous year's figures are re-grouped / re-arranged wherever considered necessary.

As per our attached report of even date

For Sharp & Tannan Associates

Chartered Accountants

ICAI Registration No. 109983W

By the hand of

Tirtharaj Khot

Partner

Membership No (F) 037457

Place : Mumbai

Dated: May 15, 2012

For and on behalf of the Board of Directors

Nirmal Jain

Chairman

R.Venkataraman

Managing Director

L P Aggarwal

Chief Financial Officer

Sunil Lotke

Company Secretary



Consolidated Financial Statements of India Infoline Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended March 31, 2012

Note: 1. CORPORATE INFORMATION:

India Infoline Limited was incorporated on October 18, 1995 and commenced its operations as an independent provider of information, analysis and research covering Indian businesses, financial markets and economy, to institutional clients. Over a period, India Infoline Limited expanded its service offerings in the financial services space offering equity / currency broking in NSE / BSE and MCX-SX, depository participant services, merchant banking, portfolio management services and distribution of mutual fund, bonds etc. India Infoline Limited is registered with SEBI for the above services. The Company is one of the leading players in the Indian financial services space. It operates through a network of over 3,000 business locations spread over more than 500 cities and towns across India. During the year under review, India Infoline Marketing Services Limited, a wholly owned subsidiary, merged with the Company pursuant to order issued by Hon'ble High Court at the judicature of Bombay.

Note: 2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Consolidation:

a) Basis of Preparation:

The individual Balance Sheet as at March 31, 2012 and Statement of Profit and Loss for the year ended March 31, 2012 of India Infoline Limited ('the Company') and its subsidiaries ('companies and / or subsidiaries'), collectively referred to as 'Group', have been consolidated as per principles of consolidation enunciated in Accounting Standard (AS) 21- 'Consolidated Financial Statements' as prescribed by Companies (Accounting standard) Rules, 2006. The financial statements have been prepared under historical cost convention on an accrual basis.

b) Principles of Consolidation:

The financial statements of the group companies of India Infoline Limited have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with all material aspects of the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The effects of all inter-group transactions and balances have been eliminated on consolidation. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year by the Company.

c) Presentation and disclosure of financial statements.

During the year ended March 31, 2012, the Revised Schedule VI, notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. Pursuant to applicability of Revised Schedule VI on presentation of financial statements for the financial year ended March 31, 2012; the Company has classified all its assets / liabilities into current / non-current portion based on the time frame of twelve months from the date of financial statements. Accordingly, assets / liabilities expected to be realised / settled within twelve months from the date of financial statements are classified as current and other assets / liabilities are classified as non-current. Except accounting for dividend on investments in subsidiary companies, the adopted Revised Schedule VI does not impact recognition and measurement principle followed for preparation of financial statements. However it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirement applicable in the current year.

d) The list of subsidiaries that have been consolidated are given in note no 27.

2.2 Use of Estimates:

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

2.3 Fixed Assets and Depreciation:

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment loss, if any thereon. Depreciation is charged using the straight line method based on the useful life of fixed assets as estimated by the management as specified below, or the rates specified in accordance with the provisions of schedule XIV of the Companies Act, 1956, which-ever is higher. In the case of transfer of used fixed assets from group companies, depreciation is charged over the remaining useful life of the asset.

Depreciation is charged from the month in which new assets are put to use. No depreciation is charged for the month in which assets are sold.

Individual assets / group of similar assets costing up to ₹ 5,000 has been depreciated in full in the year of purchase.

Leasehold land is depreciated on a straight line basis over the leasehold period.

Estimated useful life of the assets is as under:

Class of assets	Useful life in years
Buildings	20
Computers	3
Non Compete Fees	5
Electrical & Office equipment	5
Furniture and fixtures	5
Vehicles	5
Software	3

Consolidated Financial Statements of India Infoline Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended March 31, 2012

2.4 Translation of foreign currency items :

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Exchange difference, if any, arising out of transactions settled during the year are recognized in the Statement of Profit and Loss. Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the Balance Sheet date. The exchange gains or losses, if any, are recognized in the Statement of Profit and Loss and related assets and liabilities are accordingly restated in the Balance Sheet.

2.5 Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

- a) Brokerage income earned on secondary market operations is accounted on trade dates.
- b) Interest Income is recognized on accrual basis.
- c) Dividend income is recognized when the right to receive payment is established on balance sheet date.
- d) Depository related, Investment banking related and Income in respect of other heads is accounted on accrual basis.
- e) Income from arbitrage comprises profit / loss on sale of securities held as stock-in-trade and profit / loss on equity derivative instruments is accounted as per following;
 - i) Profit / loss on sale of securities is determined based on the FIFO cost of the securities sold.
 - ii) Profit / loss on arbitrage transactions is accounted for as explained below:

Initial and additional margin paid over and above initial margin for entering into contracts for Equity Index / Stock Futures / Currency Futures and or Equity Index / Stock Options / Currency Options which are released on final settlement / squaring-up of underlying contracts are disclosed under other current assets. "Mark-to-market margin- Equity Index / Stock Futures / Currency Futures" representing the amounts paid in respect of mark to market margin is disclosed under other current assets. "Equity Index / Stock Option / Currency Option Premium Account" represents premium paid or received for buying or selling the Options, respectively.

On final settlement or squaring up of contracts for Equity Index / Stock Futures / Currency Future, the realized profit or loss after adjusting the unrealized loss already accounted, if any, is recognized in the Statement of Profit and Loss. On settlement or squaring up of Equity Index / Stock Options / Currency Option before expiry, the premium prevailing in "Equity Index / Stock Option / Currency Option Premium Account" on that date is recognized in the Statement of Profit and Loss.

As at the Balance Sheet date, the Mark to Market / Unrealised Profit / (Loss) on all outstanding arbitrage portfolio comprising of Securities and Equity / Currency Derivatives positions is determined on scrip basis (e.g. Nifty, SBI, HDFC) with net unrealized losses on scrip basis being recognized in the Statement of Profit and Loss and the net unrealized gains on scrip basis are ignored.

- f) Brokerage income from commodities trading is accounted for on the dates of respective trades.
- g) Commission income on first year premium on insurance policies is recognized, when an insurance policy sold by the Company is accepted by the principal insurance Company. Renewal commission on policies is accounted for on receipt basis.
- h) Investment banking related income is accounted on accrual basis.
- i) Wealth and advisory income is accounted on accrual basis.
- j) Mortgages and loan :

The Company complies, in all material respects, with the Prudential Norms relating to income recognition, accounting standards, asset classification and the minimum provisioning for bad and doubtful debts, specified in the directions issued by the Reserve Bank of India / National Housing Bank as applicable to it.

Processing fees received from customers is recognised as income upfront at the time of sanction / disbursement of loan.

Dealer / agent commission paid or payable is recognised as expense as and when it is incurred.
- k) Revenue from Online Media is recognized pro-rata, over the contractual / subscription period.

2.6 Employee Benefits:

The Company's contribution towards Provident Fund and Family Pension Fund, which are defined contribution, are accounted for on an accrual basis and recognised in the Statement of Profit & Loss.

The Company has provided "Compensated Absences" on the basis of actuarial valuation.

Gratuity is post employment benefit and is in the nature of defined benefit plan. The Liability recognized in the Balance Sheet in respect of gratuity is the present value of defined benefit obligation at the Balance Sheet date together with the adjustments for



Consolidated Financial Statements of India Infoline Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended March 31, 2012

unrecognized actuarial gain or losses and the past service costs. The defined benefit obligation is calculated at or near the Balance Sheet date by an independent actuary using the projected unit credit method.

2.7 Deferred Employee Stock Compensation:

The stock options granted by the Company are accounted for as per the accounting treatment prescribed by SEBI (Employee Stock Option Scheme and Employee Stock Purchase) Guidelines, 1999 and the guidance note on Accounting for Stock Options issued by The Institute of Chartered Accountant of India, whereby the intrinsic value of the options are recognised as deferred employee compensation. The deferred employee compensation is charged to the Statement of Profit and Loss on a straight line basis over the vesting period of the options. The Employee Stock Options Outstanding Account, net of unamortised Deferred Employee Compensation is shown separately as part of Reserves and Surplus.

2.8 Provisions, Contingent Liabilities and Contingent Assets:

Non-performing loans are written off / provided for, as per management estimates, subject to the minimum provision required as per Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. Provision on standard assets is made as per notification dated January 17, 2011 issued by RBI.

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent Assets are neither recognized nor disclosed in the financial statements.

2.9 Taxes on Income:

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Provision for current tax is computed based on estimated tax liability computed after adjusting for allowance, disallowance and exemptions in accordance with the applicable tax laws.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rate and the tax laws enacted or substantively enacted at the Balance Sheet date. The deferred tax asset is recognised or unrecognised, to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. At each reporting date, the Company re-assesses unrecognized deferred tax assets. Deferred tax liability is recognised as and when arisen.

2.10 Operating Leases:

Lease rentals in respect of operating lease arrangements are charged to the Statement of Profit & Loss in accordance with Accounting Standard 19 – Leases, issued by the Institute of Chartered Accountants of India.

2.11 Investments:

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other Investments are classified as non – current investments. Current investments are stated at lower of cost or market / fair value. Non – current investments are carried at cost. Provision for diminution in value of non – current investments is made, if in the opinion of the management such diminution is other than temporary. For investment in Mutual funds, the net Assets value (NAV) declare by the Mutual Funds at the balance sheet date is considered as the fair value..

2.12 Inventories:

Closing stock is valued at cost or market value whichever is lower. Cost is computed on FIFO basis. The comparison of cost and market value for arbitrage portfolio is done separately for each scrip.

2.13 Preliminary Expenses

Preliminary Expenses are written off in the financial year in which it is incurred.

Consolidated Financial Statements of India Infoline Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended March 31, 2012

Note: 3. SHARE CAPITAL

a. The Authorised, Issued, Subscribed and fully paid up share capital comprises of equity shares having a par value of ₹ 2 as follows:

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Authorised :		
*600,000,000 (Previous Year - 500,000,000) Equity Shares of ₹ 2 each	1,200,000,000	1,000,000,000
Issued, Subscribed and Paid Up :		
289,024,203 (Previous Year - 286,410,823) Equity Shares of ₹ 2 each fully paid – up	578,048,406	572,821,646
Total	578,048,406	572,821,646

*Increase in the Authorised share capital is pursuant to merger of India Infoline Marketing Services Limited (“IIMSL”), a wholly owned subsidiary, with the Company with effect from April 1, 2011. The merger was sanctioned by the Hon'ble High Court of Judicature at Bombay vide its order dated April 27, 2012. The Appointed date for the merger was April 1, 2011.

b. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2012		As at March 31, 2011	
	No. of shares	Amount in ₹	No. of shares	Amount in ₹
At the beginning of the Period	286,410,823	572,821,646	285,214,775	570,429,550
Add:- Issued during the period on exercise of ESOPs	2,613,380	5,226,760	14,194,925	28,389,850
Less:- Equity Shares bought back	–	–	12,998,877	25,997,754
Outstanding at the end of the year	289,024,203	578,048,406	286,410,823	572,821,646

c. Terms / rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

During the year ended March 31, 2012, the amount of per share dividend recognised as distribution to equity shareholders was ₹ 1.50 (Previous year: ₹ 3.00)

d. Detail of shareholders holding more than 5% shares in the Company:

Particulars	As at March 31, 2012		As at March 31, 2011	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of ₹ 2 each fully paid				
Nirmal Bhanwarlal Jain	51,200,000	17.71	51,200,000	17.88
Venkataraman Rajamani	19,862,510	6.87	19,862,510	6.93
Madhu N Jain	16,600,000	5.74	16,600,000	5.80
Carlyle Mauritius Investment Advisors Ltd.				
A/C Carlyle Mauritius III	28,761,409	9.95	–	–
Hwic Asia Fund Class A Shares	27,910,000	9.66	27,910,000	9.74
Deutsche Securities Mauritius Limited	24,552,574	8.50	–	–

e. Aggregate number of bonus shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

Particulars	March 31, 2012 No. of shares	March 31, 2011 No. of shares	March 31, 2010 No. of shares	March 31, 2009 No. of shares	March 31, 2008 No. of shares
Equity shares bought back by the Company	–	12,998,877	–	2,557,915	–

f. Shares reserved for issue under options

For details of shares reserved for issue under the Employee Stock Option (ESOP) plan of the Company, please refer note 31.



Consolidated Financial Statements of India Infoline Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended March 31, 2012

Note: 4. RESERVES AND SURPLUS

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Securities Premium Account		
Opening balance	11,058,441,111	11,540,268,795
Add : Premium on shares issued during the year	103,715,998	604,482,560
Less : Utilised during the year for :	-	-
Transfer to Capital Reserve*	1,594,620,000	-
Buy back of shares	-	1,013,974,520
Transfer to Capital Redemption Reserve**	-	25,997,754
Issuing bonus shares	-	29,837,970
Writing off shares / debentures issue expenses	-	16,500,000
Closing balance	9,567,537,109	11,058,441,111
General Reserve		
Opening balance	677,841,731	471,841,731
Add: Transferred from surplus in Statement of Profit and Loss	65,158,269	206,000,000
Closing balance	743,000,000	677,841,731
Special Reserve***		
Opening balance	508,681,186	323,181,186
Addition during the year	216,318,814	185,500,000
Closing balance	725,000,000	508,681,186
Share Options outstanding account		
Gross employee stock compensation for options granted in earlier years	52,264,311	52,264,312
Less : Deferred Employee Compensation Expenses	3,891,534	7,372,758
Closing balance	48,372,777	44,891,554
Foreign Exchange Fluctuation Reserve		
Opening balance	144,492,420	15,533,506
Add / (Less): Effect of foreign exchange rate variations during the year	102,145,169	128,958,914
Closing balance	246,637,589	144,492,420
Capital Reserve		
Opening balance	597,700,000	597,700,000
Addition during the year*	1,594,620,000	-
Less: Utilised during the year	200,000,000	-
Closing balance	1,992,320,000	597,700,000
Capital Redemption Reserve		
Opening balance	31,113,584	5,115,830
Add: Additions during the year**	-	25,997,754
Less: Utilised during the year	-	-
Closing balance	31,113,584	31,113,584
Debenture Redemption Reserve		
Opening balance	-	-
Add: Additions during the year	-	-
Transferred from surplus in Statement of Profit and Loss	630,000,000	-
Closing balance	630,000,000	-
Surplus / (Deficit) in Statement of Profit and Loss		
Balance as per last financial statements	3,004,938,804	2,483,119,860
Profit for the year	1,360,735,387	2,147,326,093
Less:- Appropriations		
Interim dividend to equity shareholders (₹ 1.50 per share)	433,622,930	860,390,134
Dividend distribution tax	70,344,480	147,287,970
Minority Interest	39,990,042	35,944,271
Transferred to:		
Adjustments for Minority Interest and fair value	(69,718,993)	190,384,772
Special Reserve	216,318,814	185,500,000
General reserve	65,158,269	206,000,000
Debenture Redemption Reserve	630,000,000	-
Net Surplus in the Statement of Profit and Loss	2,979,958,649	3,004,938,804
Total	16,963,939,708	16,068,100,392

*Pursuant to merger of India Infoline Marketing Services Ltd (IIMSL) with the Company with effect from April 1, 2011.

**Pursuant to buy-back of the Company's equity shares in FY 2010-11.

***Pursuant to Section 45 IC of Reserve Bank of India Act, 1934 and section 29C of National Housing Bank Act, 1987

Consolidated Financial Statements of India Infoline Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended March 31, 2012

Note: 5. LONG TERM BORROWINGS

(Amount in ₹)

Particulars	Non-current		Current maturities	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Secured Loans				
Loan from Banks (Secured against receivables) – Refer Note 5.1 below	21,929,166,627	10,857,349,239	5,478,741,851	1,441,666,667
Non Convertible Debentures (Secured Against Immovable Property and or Stock and Book Debts) – Refer Note 5.2 below	8,768,886,000	2,365,300,000	1,329,000,000	1,033,000,000
Sub total	30,698,052,627	13,222,649,239	6,807,741,851	2,474,666,667
Unsecured Loans				
Non Convertible Debentures – Refer Note 5.3 below	1,804,309,314	–	–	–
Amount disclosed under the head “Other current liabilities”	–	–	(6,807,741,851)	(2,474,666,667)
Total	32,502,361,941	13,222,649,239	–	–

During the year, the Company has raised Secured Term Loans aggregating ₹ 18,250,000,000/- (Previous Year ₹ 7,750,000,000/-) from various banks.

The Company has also raised ₹ 8,384,900,000/- (P.Y. ₹ 2,783,200,000/-) by issue of Secured Non Convertible Debentures.

5.1: Term Loans from Banks - Secured:

Maturities	Non current					
	As at March 31, 2012			As at March 31, 2011		
	1-3 years	3-5 years	Total	1-3 years	3-5 years	Total
Rate of interest*						
8.01 % to 10.00 %**	–	–	–	1,699,015,906	–	1,699,015,906
10.01 % to 11.00 %	–	–	–	3,333,333,333	–	3,333,333,333
11.01 % to 12.00 %	–	–	–	3,675,000,000	2,150,000,000	5,825,000,000
12.01 % to 13.00 %	17,679,166,667	4,250,000,000	21,929,166,667	–	–	–
Total	17,679,166,667	4,250,000,000	21,929,166,667	8,707,349,239	2,150,000,000	10,857,349,239

*The rate of interest for the above term loans are linked to the base rates of the banks and are subject to change from time to time. The above categorisation of loans has been based on the interest rates, prevalent as on the respective reporting dates.

The above loans are secured by way of first pari passu charge over the current assets in the form of receivables, book debts, bills, outstanding monies receivable including future movable assets, other than those specifically charged. The above loans are also guaranteed by India Infoline Limited, holding Company.

**The above loan is secured by way of pledge / lien of units of DWS Mutual Fund in which investment is made by the India Infoline Finance Ltd.

5.2: Non Convertible Debentures – Secured

(Amount in ₹)

Particulars	Non-current		Current	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
11.50 % Non-Convertible Debentures of Face value ₹ 10,000 Each Redeemable on 2-Mar-17	300,000,000	–	–	–
11.70 % Non-Convertible Debentures of Face value ₹ 1,000 Each Redeemable on 18-Aug-16	202,408,000	–	–	–
11.90 % Non-Convertible Debentures of Face value ₹ 1,000 Each Redeemable on 18-Aug-16	2,896,847,000	–	–	–
11.50 % Non-Convertible Debentures of Face value ₹ 10,000 Each Redeemable on 30-Jan-15	225,000,000	–	–	–
11.70 % Non-Convertible Debentures of Face value ₹ 1,000 Each Redeemable on 18-Dec-14	330,974,000	–	–	–
Equity Linked Non-Convertible Debentures Series I-018 of Face value ₹ 100,000 Each Redeemable on 18-Oct-14	77,500,000	–	–	–
Equity Linked Non-Convertible Debentures Series I-019 of Face value ₹ 100,000 Each Redeemable on 18-Oct-14	41,000,000	–	–	–
Equity Linked Non-Convertible Debentures Series I-014 of Face value ₹ 100,000 Each Redeemable on 13-Oct-14	32,000,000	–	–	–
Equity Linked Non-Convertible Debentures Series I-015 of Face value ₹ 100,000 Each Redeemable on 13-Oct-14	15,400,000	–	–	–



Consolidated Financial Statements of India Infoline Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended March 31, 2012

5.2: Non Convertible Debentures – Secured (Contd...)

(Amount in ₹)

Particulars	Non-current		Current	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Equity Linked Non-Convertible Debentures Series I-016 of Face value ₹ 100,000 Each Redeemable on 13-Oct-14	38,500,000	–	–	–
11.70 % Non-Convertible Debentures of Face value ₹ 1,000 Each Redeemable on 18-Aug-14	3,417,457,000	–	–	–
Equity Linked Non-Convertible Debentures Series I-017 of Face value ₹ 100,000 Each Redeemable on 13-May-14	75,500,000	–	–	–
Equity Linked Non-Convertible Debentures Series I-012 of Face value ₹ 100,000 Each Redeemable on 29-Jul-13	56,500,000	56,500,000	–	–
Equity Linked Non-Convertible Debentures Series I-003 of Face value ₹ 100,000 Each Redeemable on 9-May-13	30,000,000	30,000,000	–	–
Equity Linked Non-Convertible Debentures Series I-001 of Face value ₹ 100,000 Each Redeemable on 5-May-13	92,600,000	92,600,000	–	–
Equity Linked Non-Convertible Debentures Series I-002 of Face value ₹ 100,000 Each Redeemable on 5-May-13	52,200,000	52,200,000	–	–
Equity Linked Non-Convertible Debentures Series I-009 of Face value ₹ 100,000 Each Redeemable on 30-Apr-13	50,000,000	50,000,000	–	–
Equity Linked Non-Convertible Debentures Series I-006 of Face value ₹ 100,000 Each Redeemable on 29-Apr-13	11,000,000	11,000,000	–	–
8.00 % Non-Convertible Debentures of Face value ₹ 1,000,000 Each Redeemable on 20-Apr-13	734,000,000	734,000,000	–	–
Equity Linked Non-Convertible Debentures Series I-010 of Face value ₹ 100,000 Each Redeemable on 19-Apr-13	10,000,000	10,000,000	–	–
12.20 % Non-Convertible Debentures of Face value ₹ 1,000,000 Each Redeemable on 16-Apr-13	80,000,000	–	–	–
Equity Linked Non-Convertible Debentures Series I-007 of Face value ₹ 100,000 Each Redeemable on 30-Mar-13	–	20,000,000	20,000,000	–
Equity Linked Non-Convertible Debentures Series I-008 of Face value ₹ 100,000 Each Redeemable on 30-Mar-13	–	4,000,000	4,000,000	–
Equity Linked Non-Convertible Debentures Series I-005 of Face value ₹ 100,000 Each Redeemable on 29-Mar-13	–	25,300,000	25,300,000	–
Equity Linked Non-Convertible Debentures Series I-004 of Face value ₹ 100,000 Each Redeemable on 10-Sep-12	–	30,000,000	30,000,000	–
Equity Linked Non-Convertible Debentures Series I-013 of Face value ₹ 100,000 Each Redeemable on 4-Oct-12	–	86,200,000	86,200,000	–
Equity Linked Non-Convertible Debentures Series I-011 of Face value ₹ 100,000 Each Redeemable on 28-Jul-12	–	30,500,000	30,500,000	–
8.25 % Non-Convertible Debentures of Face value ₹ 1,000,000 Each Redeemable on 10-May-12	–	400,000,000	400,000,000	–
8.00 % Non-Convertible Debentures of Face value ₹ 1,000,000 Each Redeemable on 21-Apr-12	–	733,000,000	733,000,000	–
8.30 % Non-Convertible Debentures of Face value ₹ 1,000,000 Each Redeemable on 15-Sep-11	–	–	–	300,000,000
8.00 % Non-Convertible Debentures of Face value ₹ 1,000,000 Each Redeemable on 21-Apr-11	–	–	–	733,000,000
Total	8,768,886,000	2,365,300,000	1,329,000,000	1,033,000,000

The above debentures are secured by way of charge over immoveable property and / or current assets, book debts, receivables (both present and future) and other assets of the Company. Debentures outstanding as on March 31, 2012, amounting to ₹ 734,000,000 (Previous year ₹ 1,467,000,000) are secured by way of exclusive charge on certain receivables of the Company. Secured Non Convertible Debentures aggregating to ₹ 2,365,300,000/- (Previous year ₹ 3,398,300,000/-) are also guaranteed by India Infoline Ltd., the holding Company.

During the year under review, India Infoline Finance Ltd successfully completed its maiden public issue of Secured Redeemable Non-Convertible Debentures (“NCDs”) aggregating to ₹ 7,500,000,000. India Infoline Finance Ltd has utilized the entire proceeds of NCD public issue for the stated purposes mentioned in the Final Prospectus dated July 29, 2011. During the year under review, India Infoline Finance Ltd extinguished 652,314 Secured Redeemable Non-Convertible Debentures aggregating to ₹ 652,314,000.

Pursuant to Section 117C of the Companies Act, 1956 read with circular issued by the Ministry of Company Affairs (“MCA”), India Infoline

Consolidated Financial Statements of India Infoline Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended March 31, 2012

5.2: Non Convertible Debentures – Secured (Contd...)

Finance Ltd being an NBFC was required to create Debenture Redemption Reserve of a value equivalent to 50% of the debentures offered through a public issue. Accordingly, ₹ 630,000,000/- has been transferred to Debenture Redemption Reserve Account for the financial year ended March 31, 2012.

5.3: Non Convertible Debentures – Unsecured

(Amount in ₹)

Particulars	Non-current	
	As at March 31, 2012	As at March 31, 2011
12.75% Non-Convertible Debentures of Face value ₹ 1,000 Each Redeemable on 30-Mar-2019 (SBMIB VII – 7 years)	350,000	–
12.75% Non-Convertible Debentures of Face value ₹ 1,000 Each Redeemable on 30-Mar-2019 (SBMIB VI - 7 years)	50,000	–
12.00 % Non-Convertible Debentures of Face value ₹ 1,000,000 Each Redeemable on 28-Mar-2019*	250,000,000	–
12.75% Non-Convertible Debentures of Face value ₹ 1000 Each Redeemable on 2-Mar-2019 (SBMIB V – 7 years)	88,000	–
12.00 % Non-Convertible Debentures of Face value ₹ 1,000,000 Each Redeemable on 27-Feb-2019*	750,000,000	–
12.75% Non-Convertible Debentures of Face value ₹ 1,000 Each Redeemable on 23-Feb-2019 (SBMIB IV – 7 years)	474,000	–
11.50% Non-Convertible Debentures of Face value ₹ 1,000,000 Each Redeemable on 20-Feb-2019*	500,000,000	–
12.75% Non-Convertible Debentures of Face value ₹ 1,000 Each Redeemable on 7-Feb-2019 (SBMIB III – 7 years)	250,000	–
12.75% Non-Convertible Debentures of Face value ₹ 1,000 Each Redeemable on 7-Feb-2019 (SBMIB II – 7 years)	30,000	–
12.75% Non-Convertible Debentures of Face value ₹ 1,000 Each Redeemable on 18-Jan-2019 (SBMIB I – 7 years)	1,160,000	–
12.25% Non-Convertible Debentures of Face value ₹ 1,000 Each Redeemable on 30-Mar-2018 (SBDB V – 6 years)	1,788,000	–
12.25% Non-Convertible Debentures of Face value ₹ 1,000 Each Redeemable on 30-Mar-2018 (SBDB IV – 6 years)	1,440,000	–
12.25% Non-Convertible Debentures of Face value ₹ 1,000 Each Redeemable on 1-Mar-2018 (SBDB III – 6 years)	2,406,000	–
12.25% Non-Convertible Debentures of Face value ₹ 1,000 Each Redeemable on 7-Feb-2018 (SBDB II – 6 years)	2,540,000	–
12.25% Non-Convertible Debentures of Face value ₹ 1,000 Each Redeemable on 23-Jan-2018 (SBDB I – 6 years)	3,755,000	–
12.75% Non-Convertible Debentures of Face value ₹ 1,000 Each Redeemable on 30-Mar-2017 (SBMIB VII – 5 years)	2,330,056	–
12.75% Non-Convertible Debentures of Face value ₹ 1,000 Each Redeemable on 30-Mar-2017 (SBMIB VI – 5 years)	3,234,000	–
12.75% Non-Convertible Debentures of Face value ₹ 1,000 Each Redeemable on 2-Mar-2017 (SBMIB V – 5 years)	3,129,000	–
12.75% Non-Convertible Debentures of Face value ₹ 1,000 Each Redeemable on 23-Feb-2017 (SBMIB IV – 5 years)	3,789,000	–
12.75% Non-Convertible Debentures of Face value ₹ 1,000 Each Redeemable on 7-Feb-2017 (SBMIB III – 5 years)	4,769,000	–
12.75% Non-Convertible Debentures of Face value ₹ 1,000 Each Redeemable on 7-Feb-2017 (SBMIB II – 5 years)	3,297,000	–
12.75% Non-Convertible Debentures of Face value ₹ 1,000 Each Redeemable on 18-Jan-2017 (SBMIB I – 5 years)	4,270,000	–
Zero coupon Non-Convertible Debentures of Face value US\$ 100 Each Redeemable on 17-Oct-2013	265,160,258	–
Total	1,804,309,314	–

*For these Non Convertible Debentures, India Infoline Finance Ltd has a call option after 5 years from the date of allotment subject to prior approval from the Reserve Bank of India for redemption. The Non Convertible Debentures do not have any put option.



Consolidated Financial Statements of India Infoline Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended March 31, 2012

Note: 6. OTHER LIABILITIES

(Amount in ₹)

Particulars	Non-current		Current	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Current maturities of long term borrowings	–	–	6,807,741,851	2,474,666,667
Sub total	–	–	6,807,741,851	2,474,666,667
Temporary overdrawn bank balance as per books	–	–	3,803,607,696	2,723,371,654
Interest accrued but not due on borrowings	–	–	875,339,427	194,153,476
Advances from customers	–	–	486,295,858	180,842,870
Proposed Dividend	–	–	433,622,930	–
Accrued Salaries & Benefits	–	–	285,257,514	298,649,050
Margin payable / Option Premium	–	–	207,033,543	300,310,775
Payables on account of assignment	–	–	189,334,616	–
Payables to Vendors for health care Loans	–	–	182,560,942	–
Contractually reimbursable expenses	–	–	167,270,824	172,473,371
Security Deposits Received	36,378,479	58,514,767	122,680,573	607,175,617
Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	–	–	96,077,128	42,539,662
Dividend Distribution tax payable	–	–	70,344,480	–
Income received in advance	–	–	39,365,846	23,570,478
Unpaid Dividend	–	–	4,896,718	8,145,898
Debenture application money received pending allotment	–	–	2,060,000	–
Other payables	–	–	209,389,603	59,579,493
Sub total	36,378,479	58,514,767	7,175,137,698	4,610,812,344
Total	36,378,479	58,514,767	13,982,879,549	7,085,479,011

Note: 7. PROVISIONS

(Amount in ₹)

Particulars	Short-term		Long-term	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Provision for employee benefits				
Provision for Leave encashment	73,988,573	7,168,933	1,462,267	–
Provision for Gratuity	23,073,893	–	3,783,578	–
Sub total	97,062,466	7,168,933	5,245,845	
Provision for others				
Contingent Provision against standard assets	–	–	172,734,842	82,366,463
Provision for expenses	536,929,407	159,886,400	–	–
Provision for tax	2,429,145	11,303,961	–	–
Sub total	539,358,552	171,190,361	172,734,842	82,366,463
Total	636,421,018	178,359,294	177,980,687	82,366,463

Note: 8. SHORT – TERM BORROWINGS

(Amount in ₹)

Particulars	As at	As at
	March 31, 2012	March 31, 2011
Secured Loans*		
Cash credit from banks (secured)	1,657,366,871	109,110
Loan from Financial Institution	1,000,000,000	–
Others**	–	5,581,724
Sub total	2,657,366,871	5,690,834
Unsecured Loans		
Loan from banks	400,000,000	–
Commercial Paper	17,450,000,000	13,310,000,000
Non Convertible Debentures	–	272,000,000
Sub total	17,850,000,000	13,582,000,000
Total	20,507,366,871	13,587,690,834

*The above secured borrowings are secured by way of first pari passu charge over the current assets in the form of receivables, book debts, bills, outstanding monies receivables including future movable assets, other than those specifically charged. The above loans are also guaranteed by India Infoline Limited, holding Company.

**The above loan is secured by fixed assets purchased there against.

Consolidated Financial Statements of India Infoline Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended March 31, 2012

Note: 9. TRADE PAYABLE

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Outstanding dues of micro & small enterprises*	–	–
Outstanding dues of creditors other than micro & small enterprises	9,288,888,357	10,619,828,998
Total	9,288,888,357	10,619,828,998

*There are no dues to micro and small enterprises (MSEs) outstanding for more than 45 days as per Micro, Small and Medium Enterprises Development Act, 2006.

Note: 10. TANGIBLE ASSETS

(Amount in ₹)

	Land / Leasehold Land	Buildings (Including Land)	Computers	Electrical Equipment	Furniture & Fixture	Office Equipment	Vehicles	Total
Cost or valuation as at April 1, 2011	1,813,764,301	1,067,206,652	476,092,151	423,853,661	1,210,905,362	494,441,289	7,423,165	5,493,686,581
Additions	15,009,192	416,964,633	142,805,754	242,139,256	530,181,735	209,242,972	–	1,556,343,542
Deductions / Adjustments during the year	–	4,000,000	11,060,536	6,777,080	9,538,089	5,312,957	119,110	36,807,772
As at March 31, 2012	1,828,773,493	1,480,171,285	607,837,369	659,215,838	1,731,549,007	698,371,304	7,304,055	7,013,222,351
Depreciation								
As at April 1, 2011	1,716,443	80,491,514	367,770,349	175,461,646	572,915,319	265,040,660	371,158	1,463,767,089
Depreciation For the year	1,084,069	56,736,392	94,946,319	129,345,814	382,632,117	123,643,593	1,454,856	789,843,159
Deductions / Adjustments during the year	–	–	7,732,194	3,278,804	5,812,859	4,251,446	–	21,075,303
Up to March 31, 2012	2,800,512	137,227,906	454,984,474	301,528,656	949,734,577	384,432,807	1,826,014	2,232,534,945
Net Block as at March 31, 2012	1,825,972,981	1,342,943,379	152,852,895	357,687,182	781,814,430	313,938,497	5,478,041	4,780,687,406
Net Block as at March 31, 2011	1,812,047,858	986,715,138	108,321,802	248,392,015	637,990,043	229,400,629	7,052,007	4,029,919,492

Note: 11. INTANGIBLE ASSETS

(Amount in ₹)

Particulars	Software
Cost or valuation as at April 1, 2011	83,691,414
Additions	628,163
Deductions / Adjustments during the year	–
As at March 31, 2012	84,319,577
Depreciation	
As at April 1, 2011	66,698,043
Depreciation For the year	12,330,459
Deductions / Adjustments during the year	–
Up to March 31, 2012	79,028,502
Net Block as at March 31, 2012	5,291,075
Net Block as at March 31, 2011	16,993,373



Consolidated Financial Statements of India Infoline Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended March 31, 2012

Note: 12. NON-CURRENT INVESTMENTS

Particulars	Face Value in ₹	As at March 31, 2012		As at March 31, 2011	
		Number	Amount in ₹	Number	Amount in ₹
Unquoted, Non-Trade, Long Term (Valued at cost)					
India Infoline Private Equity Fund (Trust)		–	100,200,000	–	100,200,000
IIFL Real Estate Fund (Domestic) - series 1, the scheme launched by India Infoline Venture Capital Fund (Partly paid up @25%)	100,000	–	187,500,000	–	–
Moneyvidya Technologies Pvt Limited	1	36,000	3,000,024	36,000	3,000,024
CL Educate Limited (Compulsorily Convertible Non Cumulative Preference Shares	10	50,000	10,000,000	50,000	10,000,000
Arch Pharmed Labs Ltd.	10	336,134	134,455,255	336,134	134,455,255
Investment in Units of Blume PMS		–	7,000,000	–	–
Investment in HDFC Mutual Fund	10	12,983	130,047	–	–
Sub total			442,285,326		247,655,279
Debentures and Bonds - for Financing Real Estate Projects					
Add Albatross Properties Pvt Limited	100,000	2,500	249,800,000	–	–
Ankur Energy Resources Private Limited	100,000	780	78,000,000	–	–
Galleria Mall Developers Pvt Limited	100,000	800	80,000,000	–	–
Kumar Housing Corporation Limited	100,000	4,000	400,000,000	–	–
Lily Realty Pvt Limited (17%)	100,000	2,770	277,000,000	–	–
Lily Realty Pvt Limited (18%)	100,000	2,540	254,000,000	–	–
Neptune Developers Limited	100,000	900	90,000,000	–	–
Prince Foundation Limited	100,000	985	98,516,858	–	–
Sahyog Homes Limited	100,000	3,650	365,000,000	–	–
Satra Properties (India) Limited	100,000	3,158	315,760,000	–	–
Sheth Developers Pvt Ltd	100,000	1,200	120,000,000	–	–
Vijay Associates (Wadhwa) Construction Pvt Limited	53,360	3,968	211,736,246	–	–
Sub total			2,539,813,104		–
Un-Quoted, Trade, Long Term					
Equity Shares of Bombay Stock Exchange Limited (Valued at written down value of the Membership card)	1	130,000	16,870,000	130,000	16,870,000
Total			2,998,968,430		264,525,279
Aggregate Book value - Quoted			–		–
- Unquoted			2,998,968,430		264,525,279

Note: 13. DEFERRED TAX ASSETS

The Company recognized deferred tax assets for the year ended March 31, 2012 since the management is reasonably / virtually certain of its profitable operations in future. As per Accounting Standard 22 'Accounting for Taxes on Income', the timing differences mainly relates to following items and result in a net deferred tax asset.

Deferred Tax Assets	(Amount in ₹)	
Particulars	2011-12	2010-11
Depreciation	217,475,667	167,327,458
Gratuity / Leave Encashment	124,414	(8,674,088)
Provision for doubtful debts	56,494,410	14,697,689
Provision for Standard assets	56,043,819	26,894,535
Preliminary Expenses	–	168,851
Other	162,059,330	83,850,627
Total	492,197,640	284,265,072

Consolidated Financial Statements of India Infoline Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended March 31, 2012

Note: 14. LOANS & ADVANCES

(Amount in ₹)

Particulars	Non-current		Current	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Loans				
- Secured	22,530,974,442	13,417,828,417	39,615,823,654	19,334,719,116
- Unsecured	18,330,849	125,584,064	78,013,680	11,604,258
Less : Provision for doubtful loans	(56,562,880)	(22,594,512)	(49,497,763)	(4,293,863)
Sub total	22,492,742,411	13,520,817,969	39,644,339,571	19,342,029,511
Dues from customers				
- Secured	-	-	2,039,798,354	1,300,132,051
- Unsecured	-	-	44,688,197	53,301,287
Advances recoverable in cash or in kind or for value to be received – Unsecured	-	-	10,939,241	211,023,806
Deposits – Unsecured	670,856,836	1,369,570,851	163,937,232	5,378,828
Capital Advances – Unsecured	23,350,635	12,250	-	-
Others – Unsecured	3,805,429	-	29,348,422	22,708,412
Advance income tax (net of provisions ₹ 4,924,470,034 (previous year ₹ 4,033,574,739) - Unsecured	686,386,571	504,947,957	-	-
Sub total	1,384,399,471	1,874,531,058	2,288,711,446	1,592,544,384
Total	23,877,141,882	15,395,349,027	41,933,051,017	20,934,573,895

Note: 15. OTHER ASSETS

(Amount in ₹)

Particulars	Non-current		Current	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Unamortised debenture issue expenses	111,863,067	-	54,128,088	-
Fixed deposits	402,088,221	296,136,869	-	-
Margin with exchanges	-	-	146,155,794	-
Margin / premium on forward contract	-	-	750,027,128	396,694,655
Prepaid expenses	-	-	825,037,512	321,471,004
Others	11,505,863	7,322,333	114,827,717	74,942,137
Total	525,457,151	303,459,202	1,890,176,239	793,107,796

Note: 16. CURRENT INVESTMENTS

Particulars	Face Value in ₹	As at March 31, 2012		As at March 31, 2011	
		Number	Amount in ₹	Number	Amount in ₹
Quoted, Non - Trade, Current (valued At cost or market value whichever is lower)					
Equity Shares					
The Finance Company PLC		-	-	125,000	2,011,052
Lanka Walltile PLC		-	-	5,000	345,126
Commercial bank of Ceylon PLC		-	-	3,800	401,680
Union bank of Colombo PLC		-	-	70,000	1,019,122
Infinite Computer Solutions(India) Limited	10	75,000	5,808,750	76,000	11,852,200
DQ Entertainment (International) Limited	10	125,000	2,956,250	129,000	7,256,250
Persistent Systems Limited	10	10,000	3,100,000	12,900	3,999,000
Nirlon Limited	10	700,000	32,830,000	736,000	34,371,200
Tilaknagar Industries Limited	10	150,000	8,400,000	150,000	8,032,500
Parabolic Drugs Limited	10	2,500,000	72,750,000	2,543,000	108,713,250
			125,845,000		178,001,380
Unquoted, Non - Trade, Current (valued at cost or market whichever is less)					
Mutual Funds					
Birla Sunlife Mutual Fund					
Birla Income Plus	10	-	-	913	25,000



Consolidated Financial Statements of India Infoline Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended March 31, 2012

Note: 16. CURRENT INVESTMENTS (Contd...)

Particulars	Face Value in ₹	As at March 31, 2012		As at March 31, 2011	
		Number	Amount in ₹	Number	Amount in ₹
Canara Robeco Mutual Fund					
Canara Robeco Multicap	10	–	–	50,000	500,000
Deutsche Mutual Fund					
DWS Fixed Term Fund- Series 83 Growth Plan	10	36,000,000	360,000,000	174,436,911	2,000,497,891
Reliance Mutual Fund					
Reliance Liquid Fund - Treasury Plan Institutional Option - Daily Dividend Option	10.0051	6,327,623	63,308,501	–	–
HDFC Mutual Fund					
HDFC Debt Fund for Cancer Cure - 50% Dividend Donation Option	10	1,000,000	10,000,000	1,000,000	10,000,000
HDFC Cash Management Fund -Treasury Plan- Wholesale- weekly Dividend	10	–	–	880,554	8,831,363
Benchmark Mutual Fund - Liquid Bees		–	–	–	55
Investment in Repo Placement		–	36,042,601	–	12,940,715
Lombard International unit-linked insurance plan		–	569,349,838	–	946,502,504
Subtotal			1,038,700,940		2,979,297,528
Debentures and Bonds - for Financing Real Estate Projects					
Ankur Energy Resources Private Limited	100,000	3,750	375,000,000	–	–
Galleria Mall Developers Pvt Limited	100,000	1,607	160,700,000	–	–
Grand View Estates Private Limited	10,000,000	70	694,470,000	–	–
Kumar Housing Corporation Limited	100,000	1,000	100,000,000	–	–
Lily Realty Pvt Limited (17%)	100,000	2,772	275,210,247	–	–
Neptune Developers Limited	100,000	600	60,000,000	–	–
Prince Foundation Limited	100,000	750	74,983,143	–	–
Sahyog Homes Limited	100,000	3,650	365,000,000	–	–
Satra Properties (India) Limited	100,000	4,705	470,540,000	–	–
Vijay Associates (Wadhwa) Construction Pvt Limited	53,360	1,987	106,022,554	–	–
Subtotal			2,681,925,944		–
Total			3,846,471,884		3,157,298,908
Aggregate book value - Quoted			125,845,000		178,001,380
- Unquoted			3,720,626,884		2,979,297,528
Aggregate book value - Quoted			125,948,000		178,739,905

Note: 17. INVENTORIES – (At lower of cost or net realisable value)

Particulars	Face Value in ₹	As at March 31, 2012		As at March 31, 2011	
		Number	Amount in ₹	Number	Amount in ₹
Arbitrage position (Hedged)					
Equity Shares					
Aban Offshore Limited	2	–	–	6,000	3,591,321
Alok Industries Limited	10	–	–	100,000	2,071,440
Apollo Tyres Limited	1	60,000	4,779,000	–	–
Arvind Limited	10	4,000	333,440	–	–
Axis Bank Limited	10	1,690	1,937,078	169	234,322
Bank of Baroda	10	–	–	1,500	1,393,780
Bharat Heavy Electricals Limited	2	619	159,176	1,500	3,090,465
Cairn India Limited	10	–	–	17,000	5,934,069
Canara Bank	10	–	–	1,500	927,670
Central Bank of India	10	–	–	4	557
Cipla Limited	2	–	–	4,000	1,285,233
Core Education & Technologies Limited	2	4,000	1,109,411	–	–
Crompton Greaves Limited	2	64,000	8,838,400	–	–

Consolidated Financial Statements of India Infoline Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended March 31, 2012

Note: 17. INVENTORIES (Contd...)

Particulars	Face Value in ₹	As at March 31, 2012		As at March 31, 2011	
		Number	Amount in ₹	Number	Amount in ₹
Dabur India Limited	1			64,000	6,150,400
Deccan Chronicle Holdings Limited	2			14,000	1,019,046
DLF Limited	2	10,751	2,103,841		
Escorts Limited	10	24,001	1,646,469		
Firstsource Solutions Limited	10			184,047	3,303,644
Fresenius Kabi Oncology Limited	1	100	15,220		
Goodyear India Limited	10	662	239,379		
Grasim Industries Limited	10	1,955	5,135,883		
GTL Infrastructure Limited	10			16,000	587,626
Gujarat Fluorochemicals Limited	1	1,500	750,914		
Gujarat State Petronet Limited	10			6,000	594,000
GVK Power & Infrastructure Limited	1			72,000	1,864,800
HDFC Bank Limited	10			571	1,331,388
Hindalco Industries Limited	1	52,000	6,728,800	8,000	1,639,400
Hindustan Construction Co. Limited	1			42,451	1,541,701
Hindustan Zinc Limited	2			4,136	569,648
Honeywell Automation India Limited	10	30	80,542		
Housing Development Finance Corp	2	566	381,088	8,000	5,571,062
ICICI Bank Limited	10			554	612,770
IDBI Bank Limited	10			44,000	6,267,800
Idea Cellular Limited	10			44,000	2,886,378
IFCI Limited	10			108,001	5,680,853
IIFL Mutual Fund - IIFL Nifty ETF	10	24,673	12,844,792		
Indian Bank	10			4,000	1,054,400
Infosys Technologies Limited	5	549	1,573,599	2,734	8,652,379
Infrastructure Development Finance Company Limited	10	92,026	12,423,872	62,000	9,585,200
Ispat Industries Limited	10			40,000	887,720
ITC Limited	1			34,000	6,071,893
IVRCL Assets & Holdings Limited	10	14,522	636,409		
IVRCL Limited	2	48,000	3,175,200		
Jaiprakash Associates Limited	2	128,000	10,457,600	2,000	178,472
Jindal South West Holdings Limited	10			375	334,729
Jindal Steel & Power Limited	1			1,500	1,011,401
JSW Steel Limited	10	1,000	736,242		
Kamat Hotels (India) Limited	10	9,028	1,138,415		
Kingfisher Airlines Limited	10			24,000	955,200
Lanco Infratech Limited	1			15,999	626,916
Larsen & Toubro Limited	2			7,670	12,409,537
LIC Housing Finance Limited	2	5,000	1,316,750	1,260	284,761
Mahindra & Mahindra Limited	5			3,000	2,098,997
Maruti Suzuki India Limited	5	2,000	2,566,779	6,755	8,141,407
Nagarjuna Fertilizer & Chemicals Limited	10			7,999	224,372
National Aluminium Co. Limited	5			60,000	5,736,000
Oil And Natural Gas Corporation Limited	5			9,000	2,450,154
Orchid Chemicals & Pharmaceuticals Limited	10	68,000	12,566,400	6,000	1,804,200
Pantaloon Retail (India) Limited	2	37,000	5,635,207	21,000	5,432,700
Piramal Healthcare Limited	2			12,000	5,001,600
Power Finance Corporation Limited	10			44,000	4,370,093
Power Grid Corporation of India Limited	10	40,000	4,326,000		
PTC India Limited	10			2,000	166,800
Punj Lloyd Limited	2			66,000	4,266,900
Punjab National Bank	10	3,750	3,478,492		
Ranbaxy Laboratories Limited	5			346	151,655
Reliance Communications Limited	5	65,100	5,612,413		



Consolidated Financial Statements of India Infoline Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended March 31, 2012

Note: 17. INVENTORIES (Contd...)

Particulars	Face Value in ₹	As at March 31, 2012		As at March 31, 2011	
		Number	Amount in ₹	Number	Amount in ₹
Reliance Industries Limited	10	1,508	1,131,905	4,559	4,703,283
Reliance Infrastructure Limited	10			2,646	1,745,194
Rolta India Limited	10			5,974	808,111
Satyam Computer Services Limited	2	12,750	977,250		
Sesa Goa Limited	1	36,956	7,195,333		
Shree Renuka Sugars Limited	1			16,000	1,111,651
Srei Infrastructure Finance Limited	10			10,800	478,440
Standard Chartered Plc	-	7,283	691,521		
State Bank of India	10	542	1,136,222	7,258	19,437,801
Steel Authority of India Limited	10			7,000	1,186,100
Sterlite Industries (India) Limited	1	64,000	7,107,200	12,000	2,015,144
Suzlon Energy Limited	2			8,000	356,800
Tata Coffee Limited	10	1,750	1,487,170		
Tata Consultancy Services Limited	1			51	54,380
Tata Motors Limited	2	1,000	275,250		
Tatamotors-DVR-A-Ordinary	10			2,250	1,551,118
Thomas Cook (India) Limited	1	93	5,673		
Timken India Limited	10	1,294	283,386		
TVS Motor Company Limited	1	32,081	1,315,321	12,000	718,200
Union Bank of India	10			11,001	3,583,768
Unitech Limited	2	24,000	690,000	92,000	3,672,252
Welspun Corp Limited	5	22,000	2,961,200		
Commodities				-	-
Basmati Paddy	Kg.	6,555,000	155,225,250	-	-
Castor Oil	Kg.	790,000	59,650,000	-	-
Castor Seed	Kg.	2,325,000	86,025,000	-	-
Chilies	Kg.	97,185	4,948,106	-	-
Cottonseed Wash Oil	Kg.	2,110,000	128,765,000	-	-
Crude Soyabean Oil	Kg.	20,000	2,660,000	-	-
Gold	Kg.	2,500	67,688,600	-	-
Jeera	Kg.	54,000	6,402,200	-	-
Mustard Oil	Kg.	630,000	49,140,000	-	-
Refined Soybean Oil	Kg.	1,870,000	124,605,000	-	-
Refined Sunflower Oil	Kg.	2,000,000	133,040,000	-	-
Silver	Kg.	15,909	883,969,573	-	-
Steel TMT	Kg.	370,000	18,270,600	-	-
Turmeric	Kg.	130,000	5,939,438	-	-
Sub total			1,864,313,009		181,469,101
Non convertible Debentures					
6.00% IRFC 8 MAR 15	100,000	-	-	2500	240,797,945
9.95% SBI Bond S4-15 years-N5	10,000	-	-	100	1,041,750
Ankur Energy Resources Private Limited	100,000	100	10,224,010	-	-
Avantha Holdings Limited NCD					
12Sp12 Fv. ₹ 9 Cr	90,000,000	1	97,439,092	-	-
Barclays Investments & Loans (I) Limited					
Sr-120 Br NCD 22Apr13 Fv ₹ 10 Lac	1,000,000	20	23,006,000	-	-
Deutsche Invnt. India Private Limited-Cap Guard	100,000	-	-	10	1,265,000
Tata Housing Development Co Sr-120	1,000,000	85	98,402,885	103	107,637,781
Vijay Associates (Wadhwa) Constructions P Ltd 16 NCD 31 May 2013	56,680	537	31,158,788	-	-
Vijay Associates (Wadhwa) Constructions P Ltd Sr-B 16 NCD 01 Jul 2013	56,680	129	7,392,926	-	-
Equity linked Non convertible* Debentures of Macquarie Finance (India) Private Limited	100 000	473	46,725,775	-	-
Subtotal			314,349,476		350,742,476

Consolidated Financial Statements of India Infoline Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended March 31, 2012

Note: 17. INVENTORIES (Contd...)

(Amount in ₹)

Particulars	Face Value in ₹	As at March 31, 2012		As at March 31, 2011	
		Number	Amount in ₹	Number	Amount in ₹
Equity Shares					
HDFC Limited	10	–	–	130,000	87,352,207
Reliance Industries Limited	10	–	–	52,000	53,113,780
United Phosphorous Limited	2	–	–	184,000	27,498,412
Arch Pharma Limited	10	7,500	3,375,000		
Sub total			3,375,000		167,964,399
IIFL Real Estate Fund Domestic Series 1	100,000	25	625,000	–	–
Options*					
Nifty Call 28-06-2012	4100	6,900	9,936,000	6 900	9,936,000
Nifty Call 28-06-2013	5100	(5,100)	(4,287,621)	(5 100)	(4,287,621)
Nifty Call 28-06-2012	5200	1,200	383,400	1,200	984,000
Nifty Call 27-12-2012	5000	14,900	10,195,325	14,900	14,420,071
Nifty Call 27-12-2012	5100	6,500	2,925,000	6,500	6,064,500
Nifty Call 27-12-2012	5200	10,650	4,473,000	10,650	9,841,878
Nifty Call 27-12-2012	5300	5,750	2,765,750	5,750	5,318,750
Nifty Call 27-06-2013	5200	12,950	11,085,200	12,950	13,591,285
Nifty Call 26-06-2014	4500	13,550	15,514,750	–	–
Nifty Call 26-06-2014	4600	9,000	10,620,000	–	–
Nifty Call 26-06-2014	6500	(10,000)	(2,950,000)	–	–
Sub total			60,660,804		55,868,863
Total			2,243,323,289		756,044,839
Aggregate market value- stock on hand -Quoted			2,290,069,347		780,494,064

*Held to cover possible payout in respect of certain Equity Linked Non-Convertible Debentures issued by the Company.

Note: 18. TRADE RECEIVABLES

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
- Considered good	73,577,844	67,659,700
- Considered doubtful	28,408,649	22,358,549
Sub total	101,986,493	90,018,249
Other		
- Considered good	3,673,265,316	7,072,884,886
Provision for doubtful receivables	(28,408,649)	(22,358,549)
Total	3,746,843,160	7,140,544,586

Note: 19. CASH AND BANK BALANCES

(Amount in ₹)

Particulars	Non-current		Current	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Cash in hand	–	–	273,410,980	285,134,309
Balances with banks				
In current account	–	–	4,624,128,029	4,539,997,874
In earmarked accounts				
- Unpaid dividend accounts	–	–	125,040	124,875
Fixed deposits	402,088,221	296,136,869	3,307,791,849	3,184,612,761
Amount disclosed under non-current assets	(402,088,221)	(296,136,869)	–	–
Total	–	–	8,205,455,898	8,009,869,819

Company has pledged fixed deposits to the extent of ₹ 3,217,533,114/- (previous year ₹ 3,176,319,489/-) with banks for bank guarantees / overdraft facilities and with the stock exchanges.



Consolidated Financial Statements of India Infoline Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended March 31, 2012

Note: 20. OTHER INCOME

(Amount in ₹)

Particulars	2011-12	2010-11
Miscellaneous income	54,626,662	21,125,807
Profit / (loss) on Sale of Assets	(1,177,265)	(3,098,227)
Share of profit in partnership firm	18,413,820	1,003,984
Total	71,863,217	19,031,564

Note: 21. EMPLOYEE BENEFITS EXPENSE

(Amount in ₹)

Particulars	2011-12	2010-11
Salaries and bonus	4,646,791,338	3,684,930,955
Contribution to provident and other funds	92,155,559	74,234,964
Gratuity expense	51,161,602	32,534,116
Staff welfare expense	123,839,223	126,490,398
Deferred employee compensation expense	3,481,224	7,123,578
Total	4,917,428,946	3,925,314,011

The Company is recognising and accruing the employee benefits as per Accounting Standard (AS) -15 "Employee Benefit" details are given below

(Amount in ₹)

Particulars	2011-12	2010-11
Discount rate previous year	8.00%	7.50%
Salary Escalation previous year	5.00%	5.00%
Discount rate current year	8.00%	8.00%
Salary Escalation Current year	5.00%	5.00%

(Amount in ₹)

Particulars	2011-12	2010-11
Liability at the beginning of the year	91,426,026	61,603,529
Interest Cost	7,314,082	4,620,265
Current Service Cost	31,254,528	31,512,461
Liability Transfer In	1,329,633	-
Benefit paid	(6,883,475)	(2,711,625)
Actuarial gain on obligations	16,475,772	(3,598,604)
Liability at the end of the year	140,916,566	91,426,026

(Amount in ₹)

Particulars	2011-12	2010-11
Liability at the end of the year	140,916,566	91,426,026
Fair value of plan assets at the end of the year	114,059,095	117,445,133
Differences	26,857,471	(26,019,107)
Amount of liability Recognised in the balance sheet	26,857,471	(26,019,107)

(Amount in ₹)

Particulars	2011-12	2010-11
Current Service cost	31,254,528	31,512,461
Interest Cost	7,314,082	4,620,265
Expected return on plan assets	(9,395,611)	-
Actuarial Gain or Loss	23,336,767	(3,598,604)
Expense Recognised in P & L	52,509,766	32,534,122

(Amount in ₹)

Particulars	2011-12	2010-11
Opening net liability	(26,019,107)	61,603,529
Expense as above	52,509,766	32,534,122
Net Transfer in	382,965	-
Employers contribution	(16,153)	(120,156,758)
Amount Recognised in Balance sheet	26,857,471	(26,019,107)

Defined Contribution Plans:

The Company has recognised the following amounts as an expense and included in the Note 21 – Employee Benefit expense

(Amount in ₹)

Particulars	2011-12	2010-11
Contribution to Employee Provident Fund	55,898,373	42,524,371

Consolidated Financial Statements of India Infoline Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended March 31, 2012

Note: 22. FINANCE COSTS

(Amount in ₹)

Particulars	2011-12	2010-11
Interest expense	4,928,971,856	2,324,497,362
Other borrowing cost	114,154,623	33,461,062
Total	5,043,126,479	2,357,958,424

Note: 23. DEPRECIATION AND AMORTISATION EXPENSE

(Amount in ₹)

Particulars	2011-12	2010-11
Depreciation of tangible assets	789,843,159	560,718,566
Depreciation of intangible assets	12,330,458	20,987,334
Total	802,173,617	581,705,900

Note: 24. OTHER EXPENSE

(Amount in ₹)

Particulars	2011-12	2010-11
Advertisement	257,285,088	209,102,859
Bank Charges	111,837,606	53,466,610
Brokerage related Expense	897,278,127	984,644,896
Communication	403,451,311	320,512,473
Electricity	218,154,745	172,752,854
Exchange and statutory Charges	129,705,351	181,389,233
Investment and financing related cost	269,209,997	25,083,991
Direct operating expense	69,232,583	58,497,697
Legal & Professional Fees	412,172,884	312,609,979
Marketing and commission expense	913,155,151	602,516,049
Miscellaneous Expense	48,847,927	46,148,004
Office expense	513,603,040	284,793,243
Postage & Courier	72,296,550	81,537,605
Printing & Stationary	109,858,982	105,915,159
Rent	685,620,101	537,489,463
Repairs & Maintenance		
- Computer	503,800	3,824,929
- Others	103,777,826	55,676,092
Remuneration to Auditors :		
Audit Fees	5,709,283	9,229,672
Certification Expense	359,000	148,024
Out Of Pocket Expense	873,534	404,816
Software Charges	208,608,830	130,829,990
Travelling & Conveyance	358,376,332	264,461,552
Total	5,789,918,048	4,441,035,190

Note: 25. PROVISIONS AND WRITE OFF

(Amount in ₹)

Particulars	2011-12	2010-11
Bad debts written off	40,001,530	110,958,123
Provision for Contingencies	46,707,807	-
Provision for diminution in value of investments	43,472,581	105,192,000
Provision for Doubtful Loans	79,302,268	2,028,274
Provision for doubtful debts and bad debts	12,019,644	5,000,100
Provision for Standard Loans	95,318,881	82,366,463
Total	316,822,711	305,544,960



Consolidated Financial Statements of India Infoline Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended March 31, 2012

Note: 26.

Basic and Diluted Earnings per share ["EPS"] computed in accordance with Accounting Standard (AS) 20 'Earnings per share'

(Amount in ₹)

Particulars		2011-12	2010-11
BASIC			
Profit after tax as per Statement of Profit and Loss	A	1,320,745,345	2,111,381,821
Weighted average number of shares subscribed	B	288,433,564	287,894,704
Basic EPS (₹)	A/B	4.58	7.33
DILUTED			
Profit after tax as per Statement of Profit and Loss	A	1,320,745,345	2,111,381,821
Weighted average number of shares subscribed		288,433,564	287,894,704
Add: Potential equity shares on account conversion of Employees Stock Options.		36,477,112	38,898,867
Weighted average number of shares outstanding	B	324,910,676	326,793,571
Diluted EPS (₹)	A/B	4.06	6.46

Note: 27.

The summary of consolidated financial summary represents consolidation of accounts of the Company with its following subsidiaries as detailed below:

(Amount in ₹)

Subsidiary	Proportion of ownership interest	
	March 31, 2012	March 31, 2011
India Infoline Commodities Limited	100%	100%
India Infoline Media and Research Services Limited	100%	100%
IIFL Capital Limited	100%	100%
India Infoline Trustee Company Limited	100%	100%
India Infoline Asset Management Company Limited	100%	100%
India Infoline Finance Limited	98.87%	98.82%
India Infoline Housing Finance Limited	98.87%	98.82%
India Infoline Distribution Company Limited	98.87%	98.82%
India Infoline Insurance Services Limited	100%	99.07%
India Infoline Insurance Brokers Limited	100%	99.07%
IIFL Wealth Management Limited	82.44%	82.44%
Finest Wealth Managers Private Limited	82.44%	82.44%
IIFL Trustee Services Limited	82.44%	82.44%
IIFL Realty Limited	100%	100%
IIFL (Thane) Private Limited	100%	100%
IIFL Energy Limited	100%	100%
IIFL Alternate Asset Advisors Limited	100%	–
IIFL (Asia) Pte. Limited	100%	100%
IIFL Securities Pte. Limited	100%	100%
IIFL Capital Pte. Limited	100%	100%
IIFL Capital Ceylon Limited	76%	100%
IIFL Securities Ceylon (Pvt) Limited	76%	100%
IIFL Private Wealth Hong Kong Limited	100%	100%
IIFL Private Wealth (Mauritius) Limited	100%	100%
IIFL Private Wealth Management (Dubai) Limited	100%	100%
India Infoline Commodities DMCC	100%	100%
IIFL Inc.	100%	100%
IIFL Wealth (UK) Limited	100%	100%

Note: 28.

Capital and Other Commitments at Balance Sheet date. There were outstanding commitments for capital expenditure (net of advances) to the tune of ₹ 119,112,494/- (previous year ₹ 182,806,511/-) and Other Commitment to the tune of ₹ 564,375,000/- (previous year ₹ Nil) of the total contractual obligation entered during the year.

Consolidated Financial Statements of India Infoline Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended March 31, 2012

Note: 29.

The claim against the Company not acknowledged as debt were ₹ 12,823,968 (previous year ₹ 65,233,873). (Amount in ₹)

Sr. No.	Name of Statue	March 31, 2012	March 31, 2011
i)	In respect of Income tax demands	96,460,045	27,299,426
ii)	In respect of Service tax demands	15,324,272	15,324,272
iii)	In respect of MVAT demands	563,342	563,342
iv)	In respect of Profession tax demands	–	1,553,529
v)	Guarantees and Counter Guarantees	99,880,250	–
Total		212,227,909	44,740,569

The Company has filed appeals with the Income Tax Appellate Tribunal / Service tax department against the said demands.

Note: 30.

The Company has taken office premises on operating lease at various locations. Lease rent in respect of the same have been charged to Statement of Profit and Loss. The agreements are executed for a period ranging from one to five years with a renewable clause. Some agreements have a clause for a minimum lock-in period. The agreements also have a clause for termination by either party giving a prior notice period between 30 to 90 days. The Company has also taken some other assets under operating lease. The minimum lease rentals outstanding as at March 31 2012 are as under: (Amount in ₹)

Particulars	2011-12	2010-11
Due for:		
- Up to one year	114,013,078	92,095,905
- One to five years	1,771,900	29,605,417
Total	115,784,978	121,701,322

Note: 31.

The Company has implemented Employee Stock Options Scheme 2005, 2007 and 2008 (ESOP Schemes) and has outstanding options granted under the said schemes. The options vest in graded manner and must be exercised within a specified period as per the terms of grants by the Remuneration and Compensation Committee and ESOP Schemes.

a) The details of various Employee Stock Option Schemes are as under:

Particulars	ESOP 2005	ESOP 2007	ESOP 2008
No. of options as on March 31, 2012	38,625	4,575,310	34,414,500
Method of accounting	Intrinsic Value	Intrinsic Value	Intrinsic Value
Vesting Plan	Options granted would vest over a period of four years subject to a minimum period of one year from the date of grant of options	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options
Exercise Period	Five years from the date of grant	Five years from the date of grant	Seven years from the date of grant
Grant Dates	May 4, 2006 and April 2, 2007	October 17, 2008, December 18, 2008, January 1, 2009 and March 5, 2012	December 18, 2008, January 1, 2009, May 27, 2009, December 10, 2009, September 20, 2010 and May 7, 2011
Grant Price (₹ Per Share)	30.00 and 51.00*	63.75, 45.30, 50.90, and 70.00	45.30, 50.90, 100.00, 136.00, 105.00 and 72.40
Market Price on the date of Grant of Option (₹)	182.95* and 341.10*	53.10, 52.70, 56.80 and 70.00	52.70, 56.80, 145.20, 136.60, 105.00 and 72.40

*Adjusted prices due to sub-division of face value from ₹ 10 to ₹ 2 per share, with effect from August 18, 2008.



Consolidated Financial Statements of India Infoline Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended March 31, 2012

b) Movement of options granted:

Particulars	ESOP 2005	ESOP 2007	ESOP 2008
Options outstanding at the beginning of the year	819,725	35,82,050	346,02,600
Granted during the year	–	25,00,000	27,00,000
Exercised during the year	7,74,350	8,87,430	951,600
Lapsed during the year	6,750	619,310	19,36,500
Options outstanding at the end of the year	38,625	45,75,310	3,44,14,500

Note: 32. SEGMENT REPORTING:

Segment information for the year ended March 31, 2012. Primary segment information (by Business segment) (Amount in ₹)

Sr No	Particulars	Equities brokerage & related	Financing and Investment	Marketing and distribution	Others	Total
I	Segment Revenue					
	External	5,457,597,390 (6,697,251,542)	10,904,535,979 (6,180,460,548)	2,430,673,826 (1,842,691,396)	71,863,217 (19,031,564)	18,864,670,412 (14,739,435,050)
	Inter-segment	–	–	–	–	–
	Total Revenue	5,457,597,390 (6,697,251,542)	10,904,535,979 (6,180,460,548)	2,430,673,826 (1,842,691,396)	71,863,217 (19,031,564)	18,864,670,412 (14,739,435,050)
II	Segment Result	869,304,843 (2,096,320,841)	1,557,997,607 (1,429,364,756)	221,280,712 (152,659,223)	55,854,457 (17,727,870)	2,704,437,619 (3,696,072,690)
	Less: Unallocated Expenses					697,502,447 (561,809,740)
	Operating Profit	869,304,843 (2,096,320,841)	1,557,997,607 (1,429,364,756)	221,280,712 (152,659,223)	55,854,457 (17,727,870)	2,006,935,172 (3,134,262,950)
	Interest Expense					11,734,561 (6,386,382)
	Profit before Tax					1,995,200,611 (3,127,876,568)
	Less: Current Tax					634,465,224 (980,550,474)
	Net Profit after Tax					1,360,735,387 (2,147,326,094)
III	Segment Assets	14,103,764,992 (16,717,155,772)	75,109,277,651 (39,549,589,204)	805,279,794 (855,917,391)	3,897,443,560 (3,797,093,458)	93,915,765,997 (60,919,755,825)
	Unallocated Corporate assets					1,076,011,848 (800,892,163)
	Total Assets					94,991,777,845 (61,720,647,989)
IV	Segment Liabilities	12,160,782,441 (11,874,289,702)	3,466,859,762 (2,655,754,548)	616,123,208 (327,292,769)	1,068,683,058 (604,091,626)	17,312,448,469 (15,461,428,645)
	Unallocated Corporate Liabilities					2,357,772 (19,848,858)
	Total Liabilities					17,314,806,241 (15,481,277,503)
V	Capital Expenditure	192,869,247 (216,051,104)	735,307,844 (161,658,629)	24,864,294 (64,202,411)		953,041,385 (441,912,144)
	Unallocated Capital Expenditure					718,444,082 (645,646,424)
	Total Capital Expenditure					1,671,485,467 (1,087,558,568)
VI	Depreciation	558,481,021 (431,988,342)	149,597,434 (16,976,905)	86,250,080 (131,338,318)	7,845,082 (1,402,335)	802,173,617 (581,705,900)
	Unallocated Depreciation					– –
	Total Depreciation					802,173,617 (581,705,900)
VII	Non-Cash expenditure	–	–	–	–	–
	Other than depreciation	–	–	–	–	–

(Figures in brackets indicate previous year figures)

Consolidated Financial Statements of India Infoline Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended March 31, 2012

Note: 33. RELATED PARTY DISCLOSURES FOR THE YEAR ENDED MARCH 31, 2012

a) Name of the related parties with whom transactions have been entered during the year and description of relationship.	
i) Key Management Personnel	Mr. Nirmal Jain Mr. R Venkataraman
ii) Other related parties	Mrs. Madhu Jain (wife of Mr. Nirmal Jain) Mrs. Aditi Venkataraman (wife of Mr. R Venkataraman)

b) Disclosure of Transactions with related parties (Amount in ₹)

Nature of Transaction	Key Managerial personnel	Other Related Parties	Total
Brokerage Income	13,778 (113,015)	57,782 (207,991)	71,560 (321,006)
Remuneration	29,680,110 (30,637,500)	– –	29,680,110 (30,637,500)
Rent Expenses	–	384,000 (384,000)	384,000 (384,000)

Outstanding as on March 31, 2012 (Amount in ₹)

Nature of Transaction	Key Managerial personnel	Other Related Parties	Total
Sundry Payables	30,284 (144,719)	10,891 (85,301)	41,175 (230,020)

Note: Figures in brackets indicate previous year figures.

Note: 34.

Interest Expenses include the interest on debentures ₹ 766,598,675/- (Previous year ₹ 352,024,441/-), discount in commercial paper ₹ 1,979,839,899/- (Previous year ₹ 1,386,731,645/-) and interest on banks term loans ₹ 2,133,688,886/- (Previous year ₹ 588,927,012/-).

Note: 35. DETAIL OF SHARE APPLICATION MONEY PENDING ALLOTMENT AS ON MARCH 31, 2011

No. of Equity Shares to be issued	Face Value (₹)	Premium (₹)	Total Price Per Equity Shares (₹)	Total Amount (₹)	Remarks
2,100	2.00	43.30	45.30	95,130	Application money received under ESOP Scheme 2008
106,125	2.00	28.00	30.00	3,183,750	Application money received under ESOP Scheme 2005
108,225				3,278,880	

Note: 36.

There are no dues to micro & small enterprises (MSEs) outstanding for more than 45 days.

Note: 37.

Figures for the previous year have been regrouped / reclassified wherever considered necessary.

As per our attached report of even date

For Sharp & Tannan Associates

Chartered Accountants

ICAI Registration No. 109983W

By the hand of

Tirtharaj Khot

Partner

Membership No (F) 037457

Nirmal Jain

Chairman

R.Venkataraman

Managing Director

Place : Mumbai

Dated: May 15, 2012

L P Aggarwal

Chief Financial Officer

Sunil Lotke

Company Secretary

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Nirmal Jain - *Chairman*
Mr. R. Venkataraman - *Managing Director*
Mr. A.K. Purwar - *Independent Director*
Mr. Nilesh Vikamsey - *Independent Director*
Mr. Kranti Sinha - *Independent Director*
Mr. Sunil Kaul - *Non-Executive Director*
Mr. Chandran Ratnaswamy - *Non-Executive Director*

COMMITTEE OF BOARD

Audit Committee

Mr. Nilesh Vikamsey - *Chairman, Independent Director*
Mr. R. Venkataraman
Mr. Kranti Sinha

Compensation/Remuneration Committee

Mr. Kranti Sinha - *Chairman, Independent Director*
Mr. Nilesh Vikamsey
Mr. A.K. Purwar

Share Transfer and Investor Grievance Committee

Mr. Kranti Sinha - *Chairman, Independent Director*
Mr. Nirmal Jain
Mr. R. Venkataraman

CHIEF FINANCIAL OFFICER

Mr. L.P. Aggarwal

COMPANY SECRETARY

Mr. Sunil Lotke

CORE MANAGEMENT TEAM

Mr. Bharat Parajia - *MD, IIFL (Asia) Pte Ltd.*
Mr. Karan Bhagat - *MD, IIFL Wealth Management Ltd.*
Mr. Amit Shah - *CEO, IIFL Inc.*
Ms. Pratima Ram - *Whole Time Director & CEO, India Infoline Finance Ltd*
Mr. H. Nemkumar - *President, Institutional Equities*
Mr. Nipun Goel - *President, Investment Banking*
Mr. Prasanth Prabhakaran - *President, Retail Broking*
Mr. Mukesh Kumar Singh - *Head, Gold Loan*
Mr. Balaji Raghavan - *Head, Alternate Asset Management & Real Estate Services*
Mr. Gopinath Natarajan - *CEO, IIFL Asset Management*
Mr. Mohammad Kantawala - *Head, Insurance Broking*

Mr. R. Mohan - *Chief Compliance Officer*

Mr. Narendra Jain - *Chief Operating Officer*

Mr. Sankarson Banerjee - *Chief Information Officer*

Mr. Pallab Mukherji - *President – Human Resource*

Mr. Kamal Ahuja - *Vice President, Internal Audit & Compliance*

AUDITORS

M/s Sharp & Tannan Associates, Chartered Accountants

INTERNAL AUDITORS

M/s Ernst & Young

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd, C-13, Pannalal Silk Mills compound, L.B.S. Marg, Bhandup (West), Mumbai – 400078

REGISTERED OFFICE

IIFL House, Sun Infotech Park, Road no. 16, Plot no. B-23, MIDC, Thane Industrial Estate, Wagle Estate, Thane, Mumbai – 400604

CORPORATE OFFICE

IIFL Centre, Kamala City, Lower Parel (West), Mumbai – 400013.

BANKERS

Allahabad Bank
Axis Bank Ltd
Bank of Baroda
Bank of India
Citi Bank N.A
Development Credit Bank
Federal Bank
HDFC Bank Ltd
ICICI Bank Ltd
IDBI Bank
Indusind Bank Ltd
Kotak Mahindra Bank
Punjab National Bank
South Indian Bank
Standard Chartered Bank
State Bank of India
Yes Bank Ltd

Cautionary Statement

This document contains forward-looking statement and information. Such statements are based on our current expectations and certain assumptions, and are, therefore, subject to certain risk and uncertainties. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary. India Infoline does not intend to assume any obligation or update or revise these forward-looking statements in light of developments, which differs from those anticipated.

INDIA INFOLINE LIMITED

IIFL Centre, Kamala City, Lower Parel (West),
Mumbai – 400013

Tel: +91 22 4249 9000

Fax: +91 22 4060 9049

www.indiaonline.com

cc@indiaonline.com

To view the Annual Report online logon to
<http://www.indiaonline.com/Annual-Reports>

KNOWLEDGE IS THE EDGE



IIFL
India Infoline Group

A TRISTYS PRODUCT info@tristys.com



INDIA INFOLINE LIMITED | ANNUAL REPORT 2011-12